

Filling in your Foreign Pages	FN1
Part 1 – reporting your foreign income and claiming foreign tax credit relief	FN2
■ <i>Arising basis</i>	FN2
■ <i>Remittance basis</i>	FN2
■ <i>Joint savings and investments</i>	FN2
■ <i>Unremittable income</i>	FN2
■ <i>Income becoming remittable</i>	FN2
■ <i>Foreign income: change to sterling</i>	FN2
■ <i>Foreign tax paid and foreign tax credit relief</i>	FN2
■ <i>Double Taxation Agreements</i>	FN3
■ <i>Special Withholding Tax</i>	FN3
■ <i>Filling in Pages F1 and F2</i>	FN3
Foreign savings	FN4
■ <i>Interest and other income from overseas savings</i>	FN4
■ <i>Dividends and distributions from overseas sources</i>	FN5
Overseas pensions and benefits	FN5
■ <i>Overseas pensions</i>	FN5
■ <i>Overseas social security benefits</i>	FN6
Income from land and property abroad	FN6
■ <i>Remittance basis</i>	FN7
■ <i>Arising basis</i>	FN7
■ <i>Filling in Page F4</i>	FN7
■ <i>Income</i>	FN7
■ <i>Expenses</i>	FN8
■ <i>Tax adjustments</i>	FN9
■ <i>Filling in Page F5</i>	FN10
Income received by overseas trusts, companies and other entities	FN11
Other overseas income	FN11
■ <i>Disposals of holdings in offshore funds</i>	FN11
■ <i>Income from non-resident trusts</i>	FN12
■ <i>Benefits received from overseas trusts, companies and other entities</i>	FN12
■ <i>Gains on foreign life insurance policies, life annuities and capital redemption policies</i>	FN13
■ <i>Filling in Page F3</i>	FN14
Foreign tax credit relief for foreign tax paid on employment, self-employment and other income	FN14
Foreign tax credit relief for foreign tax paid on gains	FN15
Part 2 – calculating foreign tax credit relief	FN15
■ <i>Relief against Income Tax</i>	FN15
■ <i>Relief against Capital Gains Tax</i>	FN16

■ <i>Filling in the Foreign Tax Credit Relief Working Sheet (FTCRWS)</i>	FN16
--	------

Table of rates of withholding tax	FN24
--	------

HELP SHEETS

Help Sheets giving more detailed information about particular tax rules for these Pages are available from the Orderline or at www.hmrc.gov.uk

- *IR250: Capital allowances and balancing charges in a rental business*
- *IR260: Overlap*
- *IR261: Foreign tax credit relief: capital gains*
- *IR301: Calculation of the increase in tax charge on capital gains from non-resident, dual resident and immigrating trusts*
- *IR302: Dual residents*
- *IR304: Non-residents - relief under Double Taxation Agreements*
- *IR310: War widow's and dependant's pensions*

Filling in your Foreign Pages

Gather together the material you need, such as:

- overseas dividend vouchers (these may be provided electronically)
- bank statements for overseas accounts
- overseas pension advice notes
- foreign tax assessments
- receipts for foreign tax paid.

The notes in Part 1, starting on the next page, tell you how to complete the Foreign Pages. Fill in Pages F1 to F5 of the Foreign Pages to give details of your foreign income and gains:

- Page F1 is for foreign savings (including income from offshore funds), which are taxable at the savings (20%) rate or the dividend (10%) rate of tax (the notes start on page FN3).
- Page F2 is for overseas:
 - pensions
 - social security benefits
 - income from land and property
 - income received by overseas trusts, companies and other entities
 - disposals of offshore funds
 - benefit received (directly or indirectly) from overseas trusts, companies and other entities.

Also use it for your foreign savings if you are taxable on the remittance basis (see the note on page FN2).

- Complete Page F3 to claim foreign tax credit relief for foreign tax on:
 - income included in the Employment, Self-employment, or Partnership Pages, or boxes 13.1 to 13.3 on page 4 of your Tax Return (see the notes on page FN14)
 - chargeable gains included in your Capital Gains Pages (see the notes on page FN16).
- Complete Pages F4 and F5 as appropriate for foreign let property. Summarise the income on Page F2 (the notes start on page FN6).

Pages F1 to F5 give the information we need to calculate relief for any foreign tax paid on taxable income or gains that are also chargeable to UK tax. You may be able to set all or part of the foreign tax against your UK tax bill. This is known as foreign tax credit relief.

If you want to calculate the foreign tax credit relief yourself, or you are calculating your tax bill, also fill in the Working Sheet in Part 2 of these Notes, Pages FN16 to FN23.

Part 1 – reporting your foreign income and claiming foreign tax credit relief**■ Arising basis**

Unless the remittance basis (see below) applies, your income is taxed as it arises, whether or not it is actually brought to the UK. You must enter the full amount of income arising from overseas sources on your Foreign Pages. For overseas rental income, this means your gross income minus allowable expenses. For all other income, it is just gross income before tax.

■ Remittance basis

Individuals who, although resident in the UK for tax purposes, are either not domiciled or not ordinarily resident in the UK can claim for their foreign income to be charged on the remittance basis.

Ask the Orderline for the Non-residence Pages if you think this applies to you. If you claim the remittance basis, enter only the amounts of income received in the UK (include any savings income on Page F2, not Page F1). Apportion any foreign tax paid as appropriate (see Example 1 below).

If there were no remittances during the year then make a note in the 'Additional Information' box, box 6.39 on Page F5 to explain that the remittance basis is being claimed.

Example 1

Rachel received a pension of £1,000 on which she paid foreign tax of £150, but only brought half of the net amount (£850) to the UK in the year ended 5 April 2006. The calculation is:

Pension received in UK		£425
Add foreign tax	$\frac{£425 \times £150}{£850} =$	£75
		£500
Enter on the Foreign Pages:		
Amount before tax (Column B)		£500
Foreign tax (Column C)		£ 75

The remittance basis does not apply to:

- gains under a policy of life insurance, life annuity or on a capital redemption policy. These gains are always taxable on the arising basis
- Republic of Ireland income from pensions, securities, stocks, shares and rent. The taxable amount of this income is the full amount arising and is not limited to amounts remitted, even if you are not domiciled or not ordinarily resident in the UK.

■ Joint savings and investments

If you have savings or investments held in joint names, you should enter only your share of the income.

If you are married or have formed a civil partnership, income from savings or investments held jointly with your husband or wife or civil partner is usually split equally. If you actually own the savings or investments and the income from them in unequal shares, you can elect to have the income treated for tax purposes on that basis. The election cannot be back-dated.

Please ask us or your tax adviser if you would like further information or an election form.

It is not possible to elect to share any 'gain' on a policy of life insurance, life annuity or on a capital redemption policy. Any gain is allocated to the person who actually owns the rights (or owned them immediately prior to the chargeable event) under the insurance policy or contract, or created the trusts under which the rights are held.

■ Unremittable income

If you have income arising outside the UK that you were unable to transfer (or remit) to the UK, because of exchange controls or a shortage of foreign currency in the overseas country, then you can claim that the unremittable income should not be taxable in 2005–06.

If you think this applies to you, see page FN4 for guidance on how to give details of the unremittable income on your Foreign Pages.

This does not apply in respect of income/benefit arising as a result of a transfer of assets of the type described on pages FN11 and FN12.

■ Income becoming remittable

Where income was not taxed in an earlier year because it was unremittable, but it could be remitted to the UK in the year to 5 April 2006, it is treated as arising in 2005–06. Income may become remittable if, for example, exchange controls are lifted. Include any income to which this applies whether or not it is actually remitted to the UK. The amount of the income and any foreign tax charged on it should be converted to sterling using the exchange rate prevailing at the time when the income becomes remittable.

■ Foreign income: change to sterling

Income taxable on the arising basis should be converted to sterling at the rate of exchange prevailing at the time when the income arose.

Income taxable on the remittance basis should be converted to sterling at the rate of exchange prevailing on the date of receipt in the UK.

Gains on foreign life insurance policies, life annuities or capital redemption policies should be calculated in the currency in which the policy or contract is denominated and the gain converted to sterling at the rate of exchange applicable at the time of the chargeable event.

If you are not sure of the exchange rate to be applied ask us, or your tax adviser, or go to www.hmrc.gov.uk

■ Foreign tax paid and foreign tax credit relief

Foreign tax credit relief is normally the most beneficial way to obtain relief from double taxation, but if you do not wish to claim it, you may instead deduct the foreign tax when calculating the amount of income and gains chargeable to UK tax.

Example 2

John received income of £1,000 on which foreign tax of £150 was withheld at source.

If the income is chargeable to UK tax at 22% and he claims foreign tax credit relief, his net liability will be:

$$(£220 \text{ minus } £150) = £70.$$

If he does not claim foreign tax credit relief, his liability will be:

$$(£1,000 \text{ minus } £150) = £850 \times 22\% = £187.$$

Foreign tax credit relief is not always available for the full amount of foreign tax you have paid. Relief is subject to the following rules:

- relief is only due if you are a UK resident (special rules apply in certain circumstances if you are a resident of the Isle of Man or the Channel Islands – ask us or your tax adviser for help)
- the income must arise in the foreign country and be properly chargeable under the foreign country's law

- where a Double Taxation Agreement (see below) exists between the UK and the other country, the amount of foreign tax eligible for relief is restricted to the minimum foreign tax payable under the terms of the Agreement. If you want to calculate your tax, consult the list of the UK's Double Taxation Agreements on pages FN24 to FN28. It shows the treaty rates of withholding tax which apply to dividends, interest, royalties and technical fees derived by a UK resident.

Withholding tax is tax deducted by the payer when the income is paid to you. If you have paid foreign tax at a higher rate than that shown for the particular type of income, foreign tax credit relief is not available for the tax in excess of the agreement rate; you should therefore approach the overseas tax authority for a refund of the tax paid in excess of the agreement rate. Rates of withholding tax start on page FN24.

- where no Double Taxation Agreement exists between the UK and the other country, or the Agreement does not cover the particular foreign tax, relief is only available if the tax corresponds to UK Income Tax or Capital Gains Tax. Ask us if you are in any doubt about this, or your tax adviser
- the amount of foreign tax credit relief **must not** exceed the UK tax chargeable on the same item of income or gains on which the foreign tax was calculated
- you cannot claim foreign tax credit relief for any foreign tax paid on a particular item of income or gains if you have claimed all or part of that foreign tax as a deduction in arriving at the amount of income or gains for UK tax.

Tax deducted from dividends received from the countries listed below is not eligible for foreign tax credit relief, either because the relief is specifically prohibited by the Double Taxation Agreement, or because the tax is not a direct tax on the dividend itself because it is effectively a payment on account of tax chargeable on the profits and gains of the company paying the dividend.

The countries are: Antigua, Australia (franked dividends only), Belize, Cyprus, The Gambia, Guernsey, Isle of Man, Jersey, Kiribati, Malaysia, Malta and Singapore.

Although the tax is not available for credit relief, it may be deducted in calculating the amount of the dividend chargeable to UK tax (as shown in column E). So a dividend of 100 from which 15 foreign tax had been accounted for would result in 85 being entered in column E.

■ Double Taxation Agreements

A Double Taxation Agreement is an arrangement between two countries. It consists of a series of detailed provisions designed to eliminate or relieve the taxation of income or gains in more than one country. It may provide, for example, that a UK resident is exempt from tax, or is liable to a reduced rate of withholding tax, in the foreign country.

■ Special Withholding Tax

The European Union (EU) Savings Directive came into effect on 1 July 2005. Under this Directive, some Member States and related territories will be operating a withholding tax on certain payments made to UK residents.

The only territories that may operate this tax are: Austria, Belgium, Luxembourg, Jersey, Guernsey, Isle of Man, British Virgin Islands, Netherland Antilles, Turks & Caicos, Switzerland, Andorra, San Marino, Liechtenstein and Monaco.

This tax will be in addition to any foreign tax that is deducted.

This tax is treated as a payment on account of your UK tax liability and can be repaid, should it exceed the UK liability.

Foreign Income taxed on the arising basis

If you are taxable on the arising basis then the Special Withholding Tax deducted from your income should be entered in column D of Page F1.

Foreign Income taxed on the remittance basis

If you have claimed for your foreign income to be taxed on the remittance basis then you can only claim the Special Withholding Tax that relates to the income remitted during this year.

Example 3

Adam received interest of £1,000 from Jersey. Special Withholding Tax (SWT) of £150 was withheld. Adam is non-domiciled in the UK so claims for his foreign income to be assessed on the remittance basis. £425 of the interest was received in the UK.

Interest received in the UK	£425
Add SWT $\frac{425}{850} \times 150$	<u>£ 75</u>
	£500
Enter on page F2 of the Foreign Pages	
Amount before tax (Column B)	£500
Special Withholding Tax (Column D)	£150

Capital Gains Tax

You may find that Special Withholding Tax has been deducted from the proceeds of the sale of shares or units in some undertakings, because the Directive considers the increase in value is due in some part to 'interest payments'. Although the Directive considers the sale proceeds to be within the definition of 'interest payment' the UK will treat the disposal as a capital gain. The gain should be reported on the Capital Gains Pages of your Tax Return. The claim for Special Withholding Tax should be entered at box 6.10A of the Foreign Pages.

■ Filling in Pages F1 and F2

Give details of overseas:

- interest and other income from savings
- dividends
- pensions
- social security benefits
- income from land and property
- income received by overseas trusts, companies and other entities
- benefit received (directly or indirectly) from overseas trusts, companies and other entities.

You should include any foreign savings or foreign land and property income to which you are entitled from a UK trust.

You should also enter information on Page F3 about any income or gains included elsewhere in your Tax Return and which have suffered foreign tax for which you want to claim credit relief.

Important. Each item of income or gains in any particular category (for example, more than one foreign pension, or dividends from more than one overseas company) must be entered separately. **But see page FN4 for how to deal with unremittable income.**

For each item the illustration on page FN4 shows you how to make entries:

- in column A**, enter the name of the country in which the item of income arose. In the section dealing with interest and other savings show the nature of the income receipt in brackets as [I] (for interest) or [O] (other income) respectively

- in **column B**, enter the amount of income before deducting any Special Withholding Tax or foreign tax but after deducting unremittable income
- in **column C**, enter the amount of foreign tax paid on the income entered in column B. (If the rate of foreign tax you have paid is more than the rate to which, as a UK resident, you were liable under the terms of a Double Taxation Agreement, enter the amount of foreign tax at the Agreement rate and approach the overseas tax authority for a refund of the excess. The Table beginning on page FN24 sets out maximum rates that apply to some types of income.)
- in **column D**, enter the amount of Special Withholding Tax, if any, deducted from the income. Please note this can only apply to income from the territories listed on page FN3. If any UK Income Tax has been deducted from the income this should be included in column D. (If UK Income Tax has been deducted from income that is included on page F1 enter it in column D and enter details in the 'Additional Information' box, box 6.39 on page F5)
- in **column E**, enter the amount of income on which you are chargeable. The following notes explain how to work this out
- tick the box in column E if you want to claim foreign tax credit relief for the item.

● Entering unremittable income

For each item of income (excluding income from land and property abroad – see page FN6) not remittable to the UK in the tax year 2005–06:

- in **column A**, enter the country in which the item of income arose and tick the box
- in **column B**, enter the amount of the unremittable income, in its foreign currency (delete the £ sign)
- in **column C**, enter in its foreign currency the amount of the foreign tax, if any, paid on the unremittable income, (delete the £ sign)
- leave other columns blank.

Foreign savings

If you are taxable on the remittance basis, enter your foreign savings on Page F2, not Page F1.

■ Interest and other income from overseas savings

● Filling in the columns

column A Enter the name of the country where your income arose and in which tax was withheld when the interest was paid to you, and add [I] (for interest) or [O] (other income) as appropriate, to indicate whether the income was interest or other income (see the example below).

columns B to D Treat each source of interest (including, for example, different accounts with the same bank) separately and enter details of each on a separate line.

● Interest from overseas unit trusts and other investment funds

The information you need to put in these columns will be shown on your unit trust or fund voucher. If you do not have a tax voucher, ask your unit trust or fund administrator for one. Where the income of the unit trust or fund is automatically reinvested in the fund you may still have to enter the appropriate income arising to you and any tax deducted.

● Interest from other overseas sources

In these columns enter the amounts of interest you received from foreign bank accounts, from foreign company loan stocks, or from loans to individuals or other organisations outside the UK. If the payer of the interest has deducted foreign withholding tax and accounted for that tax to the overseas tax authority on your behalf, this will normally be shown on a certificate of tax paid.

● Other income from overseas savings

Enter in these columns any other income you received from overseas savings and investments. Do not enter:

- gains on life assurance policies, life annuities and capital redemption policies (see page FN13)
- overseas pensions (see page FN5)
- income from land and property abroad (see page FN7).

● Accrued income

Accrued income securities include all interest-bearing securities.

Calculate charges or reliefs for securities you have bought, sold or transferred if the next interest payment after your purchase or sale fell between 6 April 2005 and 5 April 2006.

No charge arises and no relief is due for 2005–06 if the nominal value of all accrued income securities held at any time in 2005–06 or 2004–05 did not exceed £5,000.

A charge will arise if you purchased securities without accrued interest (ex-dividend) or sold securities with the accrued interest (cum-dividend). The amount of the charge will be the adjustment for the accrued interest not received, that is, the amount by which the purchase price was reduced (purchase ex-dividend) or the sale price was increased (sale cum-dividend).

A relief will be due if you purchased securities with accrued interest (cum-dividend) or sold securities retaining the right to the next interest payment (ex-dividend). The amount of the relief will be the adjustment for the amount of extra interest received, that is, the amount by which the purchase price was increased (purchase cum-dividend) or the sale price was decreased (sale ex-dividend).

Foreign savings

Fill in columns A to E, and tick the box in column E to claim foreign tax credit relief.

	Country A <small>tick box if income is unremittable</small>	Amount before tax B	Foreign tax C	Special Withholding Tax D	Amount chargeable E <small>tick box to claim foreign tax credit relief</small>
■ Interest, and other income from overseas savings - see Notes, pages FN3 to FN4	USA [O]	£ 120	£ 18		£ 120 ✓
	Germany [O]	£ 60	£ 9		£ 60 ✓
	Germany [O]	£ 500	£ 75		£ 500 ✓
	Belgium [I]	£ 120	£ 18	18	£ 120 ✓

For each kind of security, combine the charges and reliefs to produce a net figure. Where the charges exceed the reliefs, include the total net amount in column B. Where the reliefs exceed the charges for a kind of security, deduct the excess from the 'gross' interest received from that kind of security and enter the reduced amount of interest in column B.

column E Enter in column E the amount in column B *minus*, if you are not claiming foreign tax credit relief, any foreign tax included in column C.

If you are claiming foreign tax credit relief, copy the figure in column B to column E, without deducting any part of the amount in column C or D, and tick the box in column E.

box 6.1 Add up the figures in column E and put the total in box 6.1.

■ *Dividends and distributions from overseas sources*

Exclude:

- distributions made in the course of the liquidation of a foreign company
- distributions that constitute a return of your capital interest in a foreign company
- distributions made by a foreign company in the form of its own stocks and shares
- stock dividends from foreign companies
- bonus shares from a stock dividend issue made by a foreign company.

Where, however, a distribution was not made in the form of shares and you accepted cash from the foreign company under an option given to you to receive cash instead of shares, the cash is taxable and should be entered on Page F1.

If you are not sure whether the distributions you have received fall into any of the above categories, ask us or your tax adviser for help.

● Filling in the columns

column A Enter the name of the country where your income arose and in which tax has been withheld at source when the dividend was paid to you.

columns B to D Each share or unit holding in a different company constitutes a separate source for tax purposes. Enter the income from each holding on a separate line.

- Dividends from overseas unit trusts and other investment funds

The information you need to fill in these columns will be shown on your unit trust or fund voucher. Where the income of the unit trust or fund is automatically reinvested in the fund you may still have to enter the appropriate income arising to you and any tax deducted. If you do not have a tax voucher ask your fund administrator for one.

- Dividends from other overseas sources

The information you need to fill in these columns will be shown on your dividend voucher.

If you are a UK resident receiving dividends from France or Italy you may be eligible, under the terms of the Double Taxation Agreements with those countries, to receive payment of the other country's tax credit ('avoir fiscal' in the case of France) in addition to any dividend to which you are entitled. Claim forms to allow you to claim these foreign tax credits are available from:

Centre for Non-Residents
Fitz Roy House
PO Box 46
Nottingham
NG2 1BD
Telephone **0845 070 0040**.

The Double Taxation Agreements with the countries mentioned provide for the other country to withhold tax from the aggregate of the dividend and the tax credit. You should therefore enter the gross amount of the dividend plus the tax credit in column B and the amount withheld in column C.

Example 4

Dividend from Italy	£ 10,000
Italian tax credit	£ 5,625
	£ 15,625
Italian withholding tax at 15%	£ 2,344
Net received	£ 13,281

Enter £15,625 in column B and £2,344 in column C.

● Other distributions from overseas sources

If you have received a distribution from a foreign company other than in the form of a cash dividend, for example, if the company has released some of its assets (such as shares it holds in another company) to its shareholders, enter the sterling value of such assets at the date of distribution, unless the assets are released on liquidation or represent a return of capital. If you are in doubt ask us or your tax adviser for help.

column E Enter in column E the amount in column B *minus*, if you are not claiming foreign tax credit relief, any foreign tax included in column C.

If you are claiming foreign tax credit relief, copy the figure in column B to column E, without deducting any part of the amount in column C, and tick the box in column E.

box 6.2 Add up the figures in column E and put the total in box 6.2.

Overseas pensions and benefits

■ *Overseas pensions*

You should fill in these columns if at any time during the 2005–06 tax year you received a pension or an annuity from overseas (that is, outside the UK).

You should also include pensions or annuities where the payer of the pension or annuity is in the UK but pays it on behalf of someone else who is outside the UK.

If you expect to start receiving pensions or annuities before 6 April 2007, enter the details in the 'Additional information' box, box 6.39, on Page F5 of the Foreign Pages. This will help us to get your tax code right for next year.

Any other pensions should not be entered in these Pages. Instead, enter them in Question 11 on page 4 of your Tax Return.

column A Enter the name of the country where your income arose.

columns B to D If you received more than one foreign pension, you should enter details of each on a separate line.

● Arrears of foreign pensions

If your foreign pension is taxed on the arising basis (see page FN2) and the amount you received in 2005–06 included arrears which relate to an earlier tax year (to 2004–05 and earlier), you can claim to spread the arrears of pension back to the year to which they relate. If you think this might be to your advantage, ask us or your tax adviser.

For each separate pension or annuity, fill in the columns across the Page. Enter in column B the amount of pension or annuity **arising before tax** unless you are liable to tax on the remittance basis. In that case, you should enter the amount of the pension or annuity which you actually received in the UK or brought to the UK, plus any foreign tax paid (see Example 1 on page FN2).

If your overseas pension is paid through an agent in the UK who has deducted UK Income Tax from it, enter the amount of that tax in column D.

If your pension or annuity has been taxed in the foreign country, enter the appropriate amount of that tax in column C (see above).

The full amount of foreign tax paid should be entered unless you are liable to tax on the remittance basis (see page FN2) and did not bring all of your pension into the UK in the year. In that case, you should enter the amount of foreign tax which relates to the proportion of pension received in the UK.

● Exemption

Some foreign pensions are wholly or partly exempted from UK tax. If you consider that your pension falls within one of the following categories, deduct the exemption in arriving at the figure for column E:

- if you are a former employee who has been awarded a foreign pension on retirement because you were disabled by injury on duty or by a work-related illness, and that pension exceeds what you would have been awarded if you had retired at the same time on ordinary ill-health grounds, then the excess is exempt from Income Tax
- war widow's pensions and some pensions paid to other dependants of deceased armed forces and Merchant Navy personnel are not taxable. Sometimes these are not paid, or are reduced, because you get another pension or benefit such as a pension from overseas. Where this happens it reduces the taxable amount of the other pension or benefit you receive. Ask the Orderline for *Help Sheet IR310: War widow's and dependant's pensions*, this tells you how to work out the taxable amount
- pensions and annuities payable under special German or Austrian laws to victims of Nazi persecution are wholly exempt from Income Tax
- pensions payable under certain German or Austrian social security laws are wholly exempt from Income Tax where the pensioner was prevented by persecution, or flight from persecution, from making normal social security contributions, and has subsequently been given credit under German or Austrian laws for the unpaid contributions, or was allowed to purchase additional years under persecution laws
- pensions payable under certain German or Austrian social security laws are wholly exempt from Income Tax where the grant of the pension is dependent upon the exercise of a discretion by the granting authority.

If, in the year ended 5 April 2006, you received for the first time, a pension covered by any of the last three categories above, you should attach a copy of the pension-awarding document ('Bescheid') to your Tax Return.

If you are not sure whether the pension you have received is within any of the exempt categories, ask us or your tax adviser for help.

● One-tenth deduction where arising basis applies

A one-tenth deduction is available for overseas pensions and annuities funded by an overseas employer or pension fund so that only 90% of such a pension or annuity is chargeable to UK Income Tax. The deduction is also available for overseas social security pensions. The deduction is, however, available only for pensions and annuities which are taxable on the arising basis. If your pension is taxable on the remittance basis (see page FN2) the full amount of the actual sums received in the UK is taxable.

column E Enter in column E the amount in column B minus:

- any amount exempted, including the one-tenth deduction, if appropriate, **and**
- if you are not claiming foreign tax credit relief, any foreign tax entered in column C. If you **are** claiming foreign tax credit relief, do not deduct any part of the amount in column C from the figure in column B, before entering a figure in column E. Tick the box in column E to claim foreign tax credit relief.

■ Overseas social security benefits

If, during 2005–06, you received benefits under the social security legislation of a foreign government, you should enter the amounts in the appropriate column on the Foreign Pages. Exclude benefits awarded under foreign social security laws that correspond to the following UK social security benefits:

- Incapacity benefit (where the award was made for a period of incapacity which began before 13 April 1995)
- Incapacity benefit paid during the first six months of your incapacity
- Attendance allowance
- Disability living allowance
- Severe disablement allowance
- Maternity allowance
- Child's special allowance
- Guardian's allowance
- Child benefit.

If you are uncertain about whether a particular foreign social security benefit is covered here, ask us or your tax adviser.

column A Enter the name of the country where your income arose.

columns B to D If you received more than one overseas benefit, you should enter details of each on a separate line.

Enter the amounts of taxable benefits before deducting any UK or foreign tax in column B. Leave column D blank. Enter the amount of foreign tax in column C.

column E Enter the amount in column B minus, if you are not claiming foreign tax credit relief, any foreign tax included in column C.

If you are claiming foreign tax credit relief, do not deduct any part of the amount in column C from the figure in column B before entering a figure in column E. Tick the box in column E to claim foreign tax credit relief.

Income from land and property abroad

How you fill in Pages F4 and F5 for overseas land and property depends on whether you are claiming for your foreign income to be taxed on the remittance basis (see page FN2).

■ Remittance basis

If the remittance basis is claimed, you are only taxable on income from overseas let property to the extent that you bring the income to the UK. **You do not need to fill in boxes 6.11 to 6.38.** Fill in columns A to E on Page F2 as instructed below.

The remittance basis does not, however, apply to income from let property situated in the Republic of Ireland, which is always taxable on the arising basis (see Page FN2).

- Filling in Page F2, if the remittance basis applies to you

column A Enter the name of the country where the property is situated. If you have more than one property and they are in different countries, provide details in the 'Additional information' box, box 6.39, on Page F5.

column B Enter in column B the full amount of income from the property you brought to the UK.

column C Enter the amount of any foreign tax paid that is attributable to the income shown in column B. If you do not bring all your overseas rental income to the UK, any foreign tax paid on the total letting income should be apportioned accordingly.

column D Enter in column D any UK tax deducted.

Example 5

Richard's overseas rents are £10,000, on which foreign tax of £2,000 was paid to the overseas tax authority. If Richard brings £6,000 of the net after tax income (£8,000) to the UK, the foreign tax attributable to that amount is:

$$\frac{£6,000}{£8,000} \times £2,000 = £1,500$$

Richard should enter £7,500 (that is, £6,000 plus £1,500) in column B and £1,500 in column C.

column E If you wish to claim foreign tax credit relief (see page FN2), copy the figure in column B to column E. This is the amount on which UK tax is charged. Tick the box in column E.

If you do not wish to claim foreign tax credit relief, deduct the figure in column C from that in column B and enter the net amount in column E. Do not tick the box in column E.

■ Arising basis

If you are not taxable on the remittance basis, then the arising basis applies (see page FN2) and you are taxable on the full amount of your overseas rental income for the year ended 5 April 2006 whether or not you bring it to the UK.

Before you fill in columns A to E on Page F2, complete Pages F4 and F5. Fill in Page F4 if you have only one overseas let property or you have more than one but they are all in the same foreign country, or you have more than one but there has been no foreign tax deducted from the income and all the income is remittable.

Otherwise fill in a copy of Page F4 for each overseas let property. Either take copies of Page F4 before you start filling it in or ask the Orderline for extra copies of the Foreign Pages. Please put your name and tax reference next to the property address box on each copy of Page F4 you fill in.

■ Filling in Page F4

First, enter the full address of the property, or if Page F4 is to be used for more than one let property, the address of the first property. Use the 'Additional information' box, box 6.39 on Page F5, for the addresses of the other properties.

■ Income

box 6.11 If you enter into any transaction that produces rents or other receipts from any rights or interests you hold in land or property situated abroad, those rents and receipts are taxable.

Enter in box 6.11 the full amount of the receipts from the property(ies) in question, but excluding **any chargeable premiums**. These go straight onto Page F2. See the notes below.

Income includes receipts in cash or in kind. It is taxed when it is earned, even if you do not receive the money or goods until later.

Include any rent you receive (or you will receive) after 5 April 2006, that is payment for the year ended 5 April 2006 (because it is paid in arrears). **Exclude** any rent you have received that relates to any period after 5 April 2006 (because it is paid in advance). For example, if your tenant is required to pay rent in advance, the proportion paid that is related to the period should be excluded. It must be included in your income for the year to which it relates.

Make sure you do not count money you received in this year if it was included in an earlier year.

Broadly, most income will be rental income from tenancy, leasing, or licensing agreements over your land or property. Rental income from furnished, unfurnished, commercial and domestic accommodation, and from any land, should all be included in the overall total. If your property is let furnished, any sums that a tenant may pay for the use of furniture will be taxable as income of your business. All this income should be added together and entered in box 6.11.

Receipts other than rents are also taxable. Examples are rent charges and ground rents, income arising from the grant of sporting rights, and income from waste tipping. If you are in doubt about whether a particular sum should be included as income, ask us or your tax adviser.

- Chargeable premiums

Premiums paid for the grant of a lease and certain other lump sum payments and other forms of consideration given in connection with the right to possession of a property abroad are also taxable, but on a special basis.

Briefly, for leases over 50 years the entire premium is treated as a capital receipt and so does not form part of your taxable income. For leases of less than 50 years, the premium is treated as partly capital and partly rent and only the rent is taxed.

Use the Working Sheet below to calculate the taxable amount.

Working Sheet: chargeable premiums – leases up to 50 years

Premium	A £
Number of complete periods of 12 months in the lease (ignore the first twelve months of the lease)	B
50 minus box B	C £
Box C divided by 50	D £
Box A multiplied by box D	E £

Copy the figure in box E to the 'Chargeable premiums' row in column B on Page F2.

If you have paid foreign tax on the premium, apportion the foreign tax as appropriate and enter the amount attributable to the part of the premium that is taxable in the UK (box E) in column C.

If you wish to claim relief by way of credit for foreign tax paid, copy the figure in column B to column E and tick the box in column E.

If you do not wish to claim foreign tax credit relief, deduct the figure in column C from that in column B and enter the difference in column E. Do not tick the box in column E.

If you are in doubt about whether any payment which you have received constitutes a premium, ask us or your tax adviser.

Reverse premiums

If you receive a payment or other benefit as an inducement to take an interest in any property, other than your main residence, for letting, the receipt will be chargeable as income from property. Include the receipt in box 6.11. If you receive an inducement in respect of premises from which you are to trade, see the note for box 3.91 on page SEN10 of the Notes on Self-employment.

If you are in any doubt about the proper tax treatment of a reverse premium, ask us or your tax adviser.

box 6.11A Tick box 6.11A if box 6.11 contains income from more than one overseas let property.

box 6.11B Tick box 6.11B if box 6.11 contains income that is unremittable. Fill in a separate Page F4 for each property producing unremittable income. Exclude the box 6.26 or box 6.27 figure from the 'Taxable profit or loss' column on Page F5.

Expenses

If your total property income in the year before expenses is less than £15,000 annually, you do not have to list expenses separately. Instead, put total expenses in box 6.17.

The following guidelines give an indication of the main types of expenses likely to arise in a rental business, and what usually can or cannot be claimed as a deduction.

Allowable expenses:

- in general, any costs you incur for the sole purpose of earning business profits
- you may be able to claim capital allowances or a renewals deduction on the cost of buying a capital asset, or a wear and tear allowance for furnished lettings.

Non-allowable expenses:

- personal expenses (see the notes about box 6.20 on page FN9)
- capital costs, such as expenses relating to the purchase of the land or property you intend to let, for the cost of purchasing machinery, furnishings or furniture
- any loss you make on the sale of a property.

The allowable expenses must be allocated to the correct Return period and it may be necessary to apportion certain expenses to arrive at the correct amount.

- Rent, rates, insurance, etc.

box 6.12 If you hold a leasehold interest in a property that you let to someone else, any rent you pay under the lease can be deducted in working out your taxable income. Other similar expenses connected with the property, such as local rates or ground rents, are also allowable.

Include in the figure at box 6.12 any expenses that you are obliged to incur as landlord insuring the let property and its contents. Insurance against loss of rents is also an allowable cost but you must include in box 6.11 any income you receive as a result of taking out such insurance. The cost of insurances not connected with the letting business, such as personal policies or those insuring your private belongings are not, however, allowable expenses.

- Repairs, maintenance and renewals

box 6.13

Repairs and maintenance

Expenses that prevent the property from deteriorating can be deducted as a repair. Examples of allowable repairs include exterior and interior painting, stone-cleaning, damp treatment, roof repairs, furniture repairs, and repairs to lifts and other machines which form part of the property.

Where maintenance and repairs of property are made unnecessary by improvements, additions or alterations, part of the outlay equal to the estimated cost of the maintenance and repairs can be claimed as an expense. No expense can be claimed, however, where:

- the alterations, etc. are so extensive as to amount to the reconstruction of the property, **or**
- there has been a change in the use of the property which would have made the maintenance or repairs unnecessary.

Renewals

A deduction may be allowed for the cost of replacing furniture and machinery supplied with your property where capital allowances are not claimed (see the notes for box 6.24 on page FN9). It also covers the renewal of small items such as knives and forks. If you opt for a renewals deduction, you may deduct the cost of replacing any such equipment, but not the cost of the original purchase. You should deduct from the replacement cost any sum you have received for the item you have scrapped or sold. Also deduct any part of the replacement cost that represents an improvement or addition to the original item.

Enter in box 6.13 the total of any such expenses on repairs, maintenance and renewals incurred in 2005–06 for the property in question. If you are in doubt about whether any work undertaken on the property constitutes a repair, or what sum to claim as a renewal, ask us or your tax adviser.

- Finance charges, including interest

box 6.14 Enter in box 6.14 any expenses incurred in obtaining a loan or alternative finance arrangement to buy the property that you let, together with any interest or alternative finance payments payable on such a loan or arrangement for the 2005–06 tax year. An alternative finance payment is the charge made by your finance provider over and above the original cost of the asset in the alternative finance arrangement.

If the whole of the property was not let, or if the property was not available for letting for the whole of the year (because, for example, you occupied it yourself for part of the year), apportion the interest or alternative finance payments payable. Only the amount which is attributable to the letting of the property should be entered in box 6.14.

In certain circumstances the deduction for interest paid on a loan or alternative finance payments used to purchase property may be restricted to the 'arm's length' amount. If the loan or alternative finance arrangement was directly from, or guaranteed etc. by, a related party you should contact us or your tax adviser.

- Legal and professional costs

box 6.15 Below are some examples of expenses you cannot deduct and those you may.

Non-allowable expenses:

- expenses in connection with the first letting or sub-letting of a property for **more than one year**. These include, for example, legal expenses (such as the cost of drawing up the lease), agents' and surveyors' fees and commission

- any proportion of the legal, etc. costs which relate to the payment of a premium on the renewal of a lease
- fees incurred in obtaining planning permission or on the registration of title when buying a property.

Allowable expenses:

- expenses for the let of a year or less
- the normal legal and professional fees you incur on the renewal of a lease, if the lease is for less than 50 years
- professional fees in drawing up accounts
- professional fees incurred in evicting an unsatisfactory tenant, with a view to re-letting, or those on an appeal against a compulsory purchase order.

If you are unsure whether any legal or professional fee is allowable as a deduction, ask us or your tax adviser.

- Cost of services provided

box 6.16 If, in addition to letting the property, you provide services to your tenant, such as gardening, portage, or cleaning, you can claim the cost of these services to the extent that they are provided wholly and exclusively for the purposes of the letting.

Enter in box 6.16 the cost of services provided in connection with the letting of the property in question. If the tenant makes a separate payment for the services over and above the normal rent, ensure that the payments are included as income in box 6.11.

- Other expenses

box 6.17 Enter in box 6.17 all expenditure incurred wholly and exclusively for the purposes of the letting which has not already been included at boxes 6.12 to 6.16. Examples include the cost of rent collection, advertising for tenants, stationery, telephone calls and other miscellaneous expenditure.

Personal expenditure is not allowable. If you spend money on something only partly used for the purposes of the letting, you must exclude the amount not attributable to the letting or enter the whole amount in box 6.17 and enter at box 6.20 the proportion of the cost which represents your private use.

■ Tax adjustments

- Private use proportions

box 6.20 Personal and private expenditure is not allowable as a deduction. If you spend money on something which is only partly used for your property business and partly for a non-business reason you must **either**:

- enter the amount expended for the purposes of the letting in boxes 6.12 to 6.17, **or**
- enter the full amount of the expenses in those boxes and deduct in box 6.20 the proportion of the cost which represents the private or non-letting element.

For example, where the property was let for only eight months of the year and you used it yourself (or allowed friends or relatives to use it) for the rest of the year, if you enter the full annual cost of insuring the property in box 6.12, you should add back one-third of that amount in box 6.20.

If you are in any doubt about whether a particular expense needs to be apportioned between business and private use, ask us or your tax adviser.

- Capital allowances and balancing charges

boxes 6.21 and 6.23 The cost of buying, altering, building, installing or improving fixed assets, or depreciation or losses, which arise when you sell or otherwise dispose of them, are not allowable deductions in calculating rental income.

Instead, you may sometimes claim capital allowances in box 6.23. These reduce a profit or increase a loss. An adjustment, known as a 'balancing charge', may arise when you sell an item, give it away or simply stop using it in your letting business. Enter the amount of a balancing charge in box 6.21. This will increase your profits or reduce your losses.

If, however, the property that you let is a dwelling house (including a flat) let furnished, capital allowances are **not** available on any plant or machinery or furniture or fittings supplied.

Your tax adviser, if you have one, will tell you how to calculate capital allowances and balancing charges. If you do not have a tax adviser ask the Orderline for *Help Sheet IR250: Capital allowances and balancing charges in a rental business*.

box 6.23A Tick box 6.23A if box 6.23 includes enhanced capital allowances for spending on designated environmentally beneficial technologies. You will find more information on this type of expenditure in the notes for box 13.1A on page 19 of your Tax Return Guide or in *Help Sheet IR250: Capital allowances and balancing charges in a rental business*.

- Landlord's Energy Saving Allowance

box 6.23B Enter in box 6.23B the amount you are claiming for installing loft or cavity wall or solid wall insulation in any foreign residential property which you let. The maximum amount you can claim for the total expenditure on these items is £1,500 for each building which contains residential property.

If you have installed loft or cavity wall or solid wall insulation in a single building which only partly comprises let residential property, you should only claim for the part of the expenditure incurred (or of £1,500 if the total expenditure exceeded that amount) which relates to the let residential property in the building.

If you own the building with other persons (or you and other persons have different interests or rights in the same building), you should only claim for your share of the expenditure which has been incurred in respect of the let residential property in the building (or for your share of the part of the £1,500 maximum which relates to the let residential property in the building.)

The extension of this relief to solid wall insulation applies for expenditure incurred on or after 7 April 2005.

- 10% Wear and tear

box 6.24 If you let any **furnished** residential accommodation (such as a house or flat), capital allowances are not available. Instead, you may claim a deduction for **either**:

- the net cost of replacing a particular item of furniture, but not the cost of the original purchase (see the notes on page FN8 about 'Renewals'), **or**
- an allowance amounting to 10% of the rent received minus charges or services which would normally be borne by a tenant but which are, in fact, borne by you (for example, local rates and water rates). This allowance, known as wear and tear allowance, is accepted as broadly covering the cost of normal renewals of furniture.

Capital allowances can be claimed if you let furnished, but not residential, accommodation. If capital allowances can be claimed, you cannot claim the 10% wear and tear allowance.

boxes 6.26 and 6.27 Enter any net profit in box 6.26. If there was a loss, enter '0' in box 6.26 and the amount of the loss in box 6.27. Go on to Page F5.

■ Filling in Page F5

If you completed one Page F4 fill in boxes 6.28 to 6.32. If you completed more than one Page F4 provide details about each let property, using a separate line of the grid for each, and then fill in boxes 6.33 to 6.38.

- Taxable profit for year

boxes 6.28 and 6.29 If you completed only one Page F4 and there is more than one let property then the profits and losses of all the rented properties must be pooled in order to calculate the overall result. Any losses from overseas let property that were unrelieved at 5 April 2005 may be deducted from, or added to, the overall profit or loss, respectively.

box 6.30 If box 6.28 is a profit take away any losses brought forward in box 6.29 and enter the result in box 6.30. Copy box 6.30 to column B on Page F2.

- Loss offset against total income

box 6.30A You can claim to have the loss from your rental business set off against your total income if it arises from certain capital allowances claims. Relief is limited to the lowest of the following three figures:

- the amount of any capital allowances in box 6.23 after deducting any balancing charge in box 6.21, **or**
- the amount of the loss in box 6.27, **or**
- the amount of your other income.

If the capital allowances do not exceed the balancing charge no sideways relief is available.

- Losses to carry forward

box 6.31 This will be the total of any loss from this year at box 6.27 plus any losses brought forward in box 6.29 minus any loss set against total income, box 6.30A. Make a note of the amount. You will need this figure when completing next year's Tax Return.

- Foreign tax paid on the rental income

box 6.32 If you have paid foreign tax enter the amount of foreign tax paid in box 6.32. Copy box 6.32 to column C on Page F2 and fill in columns A and E as appropriate.

■ Filling in the columns on page F2

column A Enter the name of the country where the property is situated.

column B Enter the amount of profit for the year from box 6.30

column C Enter the amount of any foreign tax paid in respect of income chargeable to UK tax from box 6.32.

column D Enter any UK tax deducted.

column E If you are not claiming foreign tax credit relief enter the amount in column B *minus* any foreign tax in column C. If you are claiming foreign tax credit relief, copy the figure in column B to column E. Tick the box in column E to claim foreign tax credit relief.

- Taxable profit for the year if you filled in more than one Page F4

boxes 6.33 to 6.35 Profits and losses of all the let properties must be pooled in order to calculate the overall result. Exclude from this pool any unremittable property income. Any losses from overseas let properties that were unrelieved at 5 April 2005 may be deducted from, or added to, the overall profit or loss respectively.

Usually, the tax authorities of the country where the let property is situated will also charge tax on the letting profits. If no further relief was given this would mean that you would pay tax on the same profits both here and abroad. But the double charge is relieved by deducting the overseas tax paid on the property income from the UK tax due on the same income. This is done either under the terms of a Double Taxation Treaty with the overseas country or, where no treaty exists, under separate UK rules.

If the overseas income has suffered foreign tax and a claim to foreign tax credit relief is made, it will be necessary to identify the amount of UK tax attributable to income from each particular property. Where, therefore, foreign tax credit relief is claimed, separate computations of profits and losses for each property will be required. See Example 6 below.

For the purposes of calculating foreign tax credit relief, losses should be deducted in the order most favourable to your claim. Usually, this will mean that losses should be allocated first against the source that has suffered the lowest rate of foreign tax.

Example 6

	Country A	Country B	Country C	Total
Income	£6,000	£4,000	£6,000	
Expenses	£1,000	£6,000	£4,000	
Profit (loss)	£5,000	(£2,000)	£2,000	£5,000

The following amounts of foreign tax have been paid

		Rate of foreign tax	Tax deducted
Country A	£5,000	10%	£500
Country B	Nil		
Country C	£2,000	30%	£600
Total foreign tax			£1,100

Assuming that all of the income is wholly chargeable at 22% the Income Tax due will be as follows:

Country A

£5,000 @ 22% = £1,100

Allocate all the losses that arose in Country B to Country A as that has suffered the lowest rate of foreign tax:

Profit	£5,000
Losses	£2,000
Net	£3,000 @ 22% = £660

All of the foreign tax paid of £500 is available for foreign tax credit relief.

Country C

£2,000 @ 22% = £440

Although foreign tax of £600 has been paid, the amount available for foreign tax credit relief is limited to the amount of UK tax charged on the same income, that is £440.

Summary

Income Tax due	£660 + £440	=	£1,100
Foreign tax credit relief	£500 + £440	=	£940
Net UK tax payable		=	£160

If you need any help in calculating the relief due, please contact us.

If you are taxable at the higher rate (40%) rework the example to ensure you claim the losses in the most favourable way.

If box 6.33 is a profit take off any losses brought forward in box 6.34 and enter the result in box 6.35. Copy box 6.35 to column B on Page F2.

- Foreign tax paid on rental income

box 6.36 Add up the foreign tax deducted and enter the total in box 6.36.

box 6.37 After allocating any losses in the most favourable way add up the amounts chargeable and enter the total in box 6.37.

box 6.37A You can claim to have the loss from your rental business set off against your total income if it arises from certain capital allowances claims. Relief is limited to the lowest of the following three figures:

- the amount of any capital allowances in box 6.23 after deducting any balancing charge in box 6.21, **or**
- the amount of the loss in box 6.27, **or**
- the amount of your other income.

If the capital allowances do not exceed the balancing charge no sideways relief is available.

box 6.38 If the overall result is a loss, enter the loss in box 6.38. Keep a note of the amount because you will need it for next year's Tax Return.

- Filling in the columns on page F2

column A Enter 'see Page F5'.

column B Enter the overall amount of profit for the year from box 6.35.

column C Enter the amount of foreign tax paid on income chargeable to UK tax from box 6.36.

column D Enter any UK tax deducted.

column E If you are not claiming foreign tax credit relief enter the amount in column B *minus* any foreign tax in column C. If you are claiming foreign tax credit relief, copy box 6.37 to column E and tick the box to claim the relief.

Income received by overseas trusts, companies and other entities

If you have transferred, or taken any part in the transfer of assets (whether tangible assets including cash, or intangible assets including, for example, rights to your services, etc.), as a result of which income has become payable to a trust, company or other entity situated abroad, **and**

- you are ordinarily resident in the UK and you or your husband or wife or civil partner may at any time enjoy any of that income (in whatever form, including, for example, as a company shareholder or as a beneficiary of a trust), **or**
- you or your husband or wife or civil partner have received or are entitled to receive a capital sum (including for example a loan) connected in any way with the transfer,

then (unless you are ticking box 6.5A – see the note on page FN13), enter such income in columns A to E on page F2 and include it in the total amounts in boxes 6.3, 6.3A, 6.4 and 6.4A as follows.

- Entries in boxes 6.3 and 6.4 should include such income chargeable at the starting rate 10%, basic rate 22% and higher rate 40%.

- Entries in boxes 6.3A and 6.4A should include dividend income derived from a UK company together with other income chargeable at the ordinary dividend rate, 10% and the upper dividend rate, 32.5%.
- Enter details of the assets transferred and details of the offshore trusts, companies or other entities involved in the 'Additional information' box, box 6.39 on Page F5.

boxes 6.3 and 6.3A Add up the appropriate figures in column C and enter the totals in the relevant box, 6.3 or 6.3A.

boxes 6.4 and 6.4A Add up the figures in column E and enter the totals in the relevant box, 6.4 or 6.4A.

You may be liable to Income Tax on the income received by an overseas company, which you have entered in box 6.4. In certain circumstances such a company may also be liable for UK Corporation Tax on what is effectively 'the same' income. This could happen where the company is registered overseas but is centrally managed and controlled in the UK.

If you have returned an amount of income received by such a company at box 6.4, and if UK Corporation Tax has been paid by that company on an equivalent amount of its income, you can claim credit relief for the UK Corporation Tax paid by (and not refunded to) the company on that equivalent amount of company income. You may claim this credit relief at box 6.9 of the Return (that is, together with foreign tax credit relief claims for foreign tax paid). Do not enter the UK Corporation Tax in column D or box 6.3. Give full details of how you have calculated the amount of credit claimed, and details (name, address, tax reference) of the company which paid the tax, in box 6.39, on page F5.

If you do not yet know the amount of Corporation Tax paid on the equivalent amount of company income, or if the company has not yet paid all of its liability (for example, if the company's accounting period straddles the Income Tax year end), you should estimate the amount of credit available, and amend your Tax Return when the final details are known. You must draw attention to the estimate by ticking box 23.2 of the Return and explaining the circumstances in the 'Additional information' box, box 23.7 (see page 31 of the Tax Return Guide). We will consider providing details of Corporation Tax paid upon receipt of written authority from the company concerned. The usual provisions for charging interest on tax paid late will apply.

You may need to fill in the Trust etc., Pages if you received trust income. Ask the Orderline for the Trust etc., Pages and *Help Sheet IR270: Trusts and settlements – income treated as the settlor's*.

Other overseas income

Disposals of holdings in offshore funds

box 6.5 You may need to make an entry in this box if you have disposed of a 'material interest' in an offshore fund, if that fund has not qualified for 'distributing fund status' for the period you have held your interest in it (see below for an explanation of 'material interest' and 'distributing fund status').

Any income you receive from the offshore fund should be returned on Page F1, or on page 3 of your Tax Return, as appropriate. The voucher or fund manager will give relevant details about the type of income arising.

An offshore fund is a collective investment scheme of which the trustees or operators are not resident in the UK. For example, unit trusts operated under Jersey laws and Belgian SICAVs are offshore funds. Other than 'open-ended' investment companies, non-resident companies generally are not offshore funds.

You have a **material interest** in an offshore fund if, at the time you acquired it, you might reasonably expect to be able to realise your investment (usually by redemption) within the following seven years, at about the market value of the fund's assets that the interest represents at that time.

An offshore fund qualifies for **distributing fund status** if it distributes the bulk of its income each year to its investors. You can find out if your offshore fund has qualified by looking at the annual accounts for each year you have held your interest, or you can ask the fund manager. A list of offshore funds, showing the years they have qualified for **distributing fund status** is at www.hmrc.gov.uk/offshorefunds. If your fund is not on the list, it means it has never had **distributing fund status**.

Where an offshore fund has **not qualified for distributing fund status** throughout the period you have held your material interest in it, the un-indexed gain on disposal of your interest in the fund is subject to **Income Tax** as an 'offshore income gain' and the amount of the gain must be **entered in box 6.5**. An offshore income gain does not qualify for capital gains taper relief.

Some offshore funds that have qualified for **distributing fund status** operate **equalisation arrangements**. This means that when you dispose of your interest in such a fund, the sale proceeds may include income that has accrued to you since the last distribution date. Part of the gain will then be subject to Income Tax. That amount will normally be shown on the redemption voucher given to you by your fund manager and must be **entered in box 6.5**. The balance should be shown on the Capital Gains Pages of the Return.

Where an offshore fund has qualified for **distributing fund status** throughout the period you have owned your interest in it then the gain or loss on disposal should generally be returned on the Capital Gains Pages and **not in box 6.5**. If this applies, you can obtain copies of the Capital Gains Pages from the Orderline.

■ *Income from non-resident trusts*

box 6.5 If you have an absolute entitlement to the income from a non-UK resident trust, enter the foreign source income on Pages F1 and F2 and in boxes 6.1 to 6.4 according to the nature of the income. UK source income should be entered in the Trusts etc. Pages in boxes 7.1 to 7.12 (or as directed in the notes for those boxes on page TN1 of the Notes on Trusts etc.).

If you have received a discretionary payment from the non-UK resident trust, enter all of the income in box 6.5. If you wish to make a claim under Extra Statutory Concession B18, you should telephone the Centre for Non-Residents on **0845 070 0040**.

■ *Benefits received from overseas trusts, companies and other entities*

box 6.5 If someone else has made the same sort of transfer of assets mentioned in the note on page FN11, 'Income received by overseas trusts, companies and other entities', the value of the payment or any other benefit you receive is treated as your income for tax purposes to the extent that the company, trust or other entity has 'unexpended income'. Unexpended income means income that has not already become that of another individual or that has not otherwise been spent by the company, trust or other entity. Income which arose before 10 March 1981 is not counted for this purpose. A 'chargeable event gain' on a UK or foreign life insurance policy, life annuity or capital redemption policy is treated as income for this purpose if the rights under the policy or life annuity are held:

- by a non-resident trust and the person who created the trust is not charged UK tax on the gain. (If the rights under a policy or life annuity are held on trust any gain is usually treated as income of the person who created the trust. But this is not the case if the

trust was created by an individual who is non-resident or dead. Nor is this the case if the trust was created by a company or other entity if the company or other entity is non-resident, has been dissolved, wound up or has otherwise come to an end. Note, if you are the beneficiary of a bare trust any gain is usually treated as your income. It should be included in boxes 12.4 to 12.8 of your Tax Return, the boxes for chargeable event gains.), **or**

- as security for a debt owed by a non-resident trust, **or**
- by an overseas entity, **or**
- as security for a debt owed by an overseas entity.

A gain is not counted for these purposes if the first or second bullet above would apply but:

- the policy or life annuity was made before 17 March 1998 (Budget day), **and**
- the policy or life annuity has not been 'enhanced' on or after 17 March 1998 by paying further non-contractual premiums or in any other way, **and**
- the trusts were created by an individual who died before 17 March 1998, or if created by more than one person, at least one of those persons was an individual who died before that date.

A gain on a policy or life annuity is not counted as unexpended income if the chargeable event was before 6 April 2000.

If you received your payment or other 'benefit' from a UK trust which either has been non-resident, or which has received assets from a trust which either is or has been non-resident, only count unexpended income that arose while the relevant trust has been abroad. Chargeable event gains count if the trust was non-resident immediately before the chargeable event. If you are not sure whether this applies to your circumstances ask the trustees or your tax adviser.

For more information about gains and chargeable events on policies and life annuities, see the notes to boxes 12.1 to 12.5 on pages 17 to 18 of the Tax Return Guide, the notes to boxes 6.6 to 6.8 below, and *Help Sheets IR320* and *IR321*. These Help Sheets also explain how the rules apply to a trust created by more than one person.

'Benefits' include, for example, loans at less than a commercial rate of interest and the occupation or use of property at less than a commercial rental, the value of the benefit being the difference between the amount payable at the commercial rate of interest or rental and any amount actually paid by you.

A trust will be non-resident if all trustees are themselves resident outside the UK. A trust may also be non-resident if at least one of its trustees is resident outside the UK – ask the trustees or your tax adviser if you are not sure whether the trust is treated as non-resident. 'Indirect' receipt must also be included, for example, if the capital or benefit came from a company controlled by the trustees or from a UK resident trust that has been, or has received funds from, an overseas trust.

If you received capital or a benefit (other than income) directly or indirectly from a trust which is, or has been non-resident, or which has received assets from a trust which is, or has been non-resident, enter in box 6.5 (unless you are ticking box 6.5A for the reason given below), the value of that payment or benefit to the extent it is matched by unexpended income. If the payment or benefit is greater than the unexpended income, enter in box 6.5 the amount of the unexpended income. You may need to ask the overseas company, trust or other entity for this information. Include the value of any payment or benefit received in an earlier year if and to the extent that this was not taxed in earlier years. If the value of what you have received or benefited from exceeds the unexpended income that the overseas company trust or other entity has, you may be liable to Capital Gains Tax on the excess. You may need *Help Sheet IR301: Calculation of the increase in tax charge on capital gains from non-resident, dual resident and immigrating trusts* as well as the Capital Gains Pages, available from the Orderline. Otherwise, that excess will need to be taken into account when completing your Tax Return next year.

Also enter in the 'Additional Information' box, box 6.39 on Page F5 the full name and address of the company or other entity receiving the income. Where the capital or other benefit has come from a resident trust in the circumstances described above, also give details of the circumstances including the full name of any other trust involved.

box 6.5A The provisions relating to transfers of assets do not apply if you can show that the purpose of the transfer and any associated operations was not to avoid tax. But if you omit income for this reason from boxes 6.4, 6.4A or 6.5 you must tick box 6.5A and enter details of the income omitted, together with details of the assets transferred and details of the offshore trusts, companies, etc. involved, in the 'Additional information' box, box 6.39 on Page F5.

■ **Gains on foreign life insurance policies, life annuities and capital redemption policies**

boxes 6.6 to 6.8 Boxes 6.6 to 6.8 are for you to include details of gains you have made on foreign life insurance policies, foreign life annuities and foreign capital redemption policies. A policy or annuity made with the UK branch of an overseas insurer is treated as a foreign policy. Do not include in these boxes details of income and gains from pension or retirement annuities.

The purpose of these notes is to help you decide whether you have made a gain from a foreign policy or annuity and, if so, what to include in your Tax Return.

What gives rise to a gain?

If during the year:

- you made withdrawals, or received cash or other benefits on a surrender, maturity or death, from a foreign life insurance policy, life annuity or capital redemption policy, **or**
- you sold the whole or part of a foreign life insurance policy, life annuity or capital redemption policy (including as part of arrangements on divorce or separation), **or**
- an insurance company made a loan to you or, at your direction, to someone else in connection with a foreign life insurance policy, life annuity or capital redemption policy, **or**
- you held a Personal Portfolio Bond with a foreign insurer in the year (even if the insurer has not paid cash or other benefits during the year in connection with that Bond), **or**
- any of the things listed under the previous four bullets were done by:
 - the trustees of a trust you created or contributed to, **or**
 - the trustees of a bare trust of which you are a beneficiary, **or**
 - anybody holding a policy in their own name as your nominee, **or**
 - a lender to whom your policy was previously assigned as security for a debt of yours

then you may have made a gain which you need to enter in box 6.8.

No gains arise if you have given all or part of your policy to someone else and have received nothing in return.

In these notes 'gains' are chargeable event gains which are taxable as income. They are included in your income for all purposes, including entitlement to age-related personal allowances and tax credits. Insurers sometimes refer to them as 'chargeable gains' but they are not capital gains so reliefs allowable in calculating capital gains (such as taper relief), capital losses and the annual exempt amount cannot be set against them.

Under arrangements made with us, if your foreign insurance company knows (as it usually will) that something has happened to give rise to a chargeable event gain it may have told us the amount of benefits paid or the amount of the gain. Your insurer may also have told you the amount of the gain that you have made. If so, this is the amount you should enter on your Return unless the gain was made by more than one person, in which case you should refer to the section on

Page FN14 headed 'Gain made by more than one person'. The rules for working out the gain depend on the type of event but in general the gain will not be the same as the amount you have received.

A Personal Portfolio Bond is treated as giving rise to an annual gain although the insurer has not paid any benefits and none of the policy has been sold. A Personal Portfolio Bond is a life insurance policy, life annuity or capital redemption policy where the benefits payable are determined by the value of property personal to the policyholder and chosen directly or indirectly by the policyholder. If in doubt, **ask your insurer to tell you what sort of policy or annuity you have, and whether there has been a chargeable event and a gain.** There is further guidance, including information on how to calculate your gain and on Personal Portfolio Bonds, in *Help Sheet IR321: Gains on Foreign Life Insurance Policies* available from the Orderline or at www.hmrc.gov.uk

Is the policy a foreign policy?

A foreign policy is usually one issued by an insurer from outside the UK. A policy taken out with the UK branch of an overseas insurer is treated as a foreign policy. The UK branch will have sent you a certificate if you have made a gain, telling you how much the gain was. If you are in any doubt as to whether your policy is of this type then the insurer will be able to tell you if this is the case.

A UK insurer may also issue a foreign policy as part of its 'Overseas Life Assurance Business'. This is a type of policy sold by a UK insurer to a person who, at the time it was taken out, was residing outside the UK. Gains from this type of policy go on the Foreign Pages if the policy was taken out **on or after 17 March 1998**. However, gains from Overseas Life Assurance Business policies which were taken out **before 17 March 1998** are treated as arising from UK policies and you should enter details of such gains in boxes 12.1 to 12.5 of your Tax Return. If you think you might have made a gain on an Overseas Life Assurance Business policy made on or after 17 March 1998 but have not received a certificate, contact your insurer.

Is any payment from your insurer taxable?

Some foreign life insurance policies do not give rise to gains. The policy may, for example, be a 'qualifying' life insurance policy but this is only a possibility if it was taken out before 18 November 1983, unless it is a policy from the UK branch of a foreign insurer. Most foreign policies are not qualifying policies but, if exceptionally you think you may have one of these, you should read *Help Sheet IR321: Gains on Foreign Life Insurance Policies*.

Even if your policy is not a 'qualifying policy', the particular payment or benefit you received may not have given rise to a gain. Pay-outs in any year of up to 5% of the premiums you have paid will not give rise to a gain. This is subject to a maximum equal to the amount of the premium paid. Instead, any gain you make on the policy, taking into account the regular withdrawals, is taxed when the policy comes to an end. You do not need to include anywhere on your Tax Return details of payments from insurance policies that remain below the 5% limit. If payments are higher than 5%, the amount of the gain is the excess over 5% only – see examples 4 to 7 of *Help Sheet IR321* for guidance on how to calculate the gains in these cases.

Completion of boxes 6.6 to 6.8

The way you fill in boxes 6.6 to 6.8 depends on when the policy was taken out, how long you have been resident in the UK during the life of the policy, the number and type of gains in the year and whether or not they are treated as having been taxed. You should enter the whole amount of the gains you have made on your Return.

If you have made gains from more than one foreign policy, go to the section on page FN14 headed 'Multiple gains'. If you have only made one gain from a foreign policy, fill in boxes 6.6 to 6.8 as follows.

Amount of gain and periods of residence outside the UK

box 6.8 Usually, you should enter the full amount of the gain in box 6.8. However, some gains are reduced for periods of residence outside the UK since the policy was taken out. *Help Sheet IR321: Gains on Foreign Life Insurance Policies* contains more information. A period of residence outside the UK is the only reason for your entry on the Return to be an amount less than the gain made on the policy if you are the only person taxable on that gain. Do not divide the amount of the taxable gain by the number of years you have held the policy.

Income tax treated as paid?

box 6.7 Most gains from foreign policies and life annuities are taxable in full. Where, as will most commonly be the case with a gain from a foreign policy, no tax is treated as having been paid on the gain, you should leave box 6.7 blank.

An exception to this is where the policy has been made with the UK branch of an overseas insurer. Gains from such policies are treated as if tax at the lower rate has been paid on them. The certificate you received from the UK branch will tell you what amount of tax to enter in box 6.7.

If, exceptionally, you have made a gain on a foreign policy that was not bought from a UK branch of an overseas insurer but which is treated as if tax has been paid on it, enter the amount of the gain in box 6.8. Enter the amount of tax treated as paid in box 6.7. The amount of the tax would be 20% of the amount in box 6.8. If you think that the gain may be entitled to have tax treated as paid on it, and the policy is not with the UK branch of an overseas insurer, you should refer to *Help Sheet IR321: Gains on Foreign Life Insurance Policies*.

Number of years

box 6.6 The number of years to be entered in box 6.6 or in the 'Additional information' box, box 23.9 on page 10 of your Tax Return is needed only in order to calculate whether relief is due if you are not liable to higher rate tax on your income apart from the gain. It does not alter the amount of the gain that is chargeable to tax, although it may mean that some or all of the gain is chargeable at starting or basic rate instead of higher rate, depending on your other income. This relief does not alter the amount of starting rate or basic rate tax you have to pay on the gain.

Usually the number of years to be entered in box 6.6 or on page 10 of your Tax Return is the number of complete years since the policy or life annuity was made. If a gain is reduced because of a period of residence outside the UK, the number of complete years you enter is also reduced, but never below '1'.

The rules for completing boxes 6.6 to 6.8 of page F3 may be different if the gain arises in connection with:

- a foreign life policy taken out on or before 17 November 1983 and not 'enhanced' since that date, **or**
- a foreign capital redemption policy taken out on or before 22 February 1984 and not 'enhanced' since that date.

If you have one of these types of policy, *Help Sheet IR321: Gains on Foreign Life Insurance Policies* contains more information about what entries to make on the Return.

Gain made by more than one person

Where you are one of multiple owners of the policy, you only enter your share of the gain on the Foreign Pages of your Return. If you own the policy jointly with your spouse or civil partner, you should each enter half the amount of the gain reported on the certificate and also half the tax treated as payable, if any. If:

- the multiple owners are not you and your spouse or civil partner, **or**
- the gain arose in connection with a policy held on a trust which you and other persons created or contributed to, **or**
- the gain arose in connection with a policy assigned as security for a debt owed by you and other persons

see the section headed 'Dividing a gain where there are joint or multiple owners or interests' in *Help Sheet IR321* for further guidance about how to allocate the gain between you.

Multiple gains

Many insurance packages involve a cluster of identical policies of life insurance taken out at the same time with the same insurer. **If you have made gains from more than one policy, and they are all identical gains from identical policies** add them together and include, as appropriate, the total gains and total tax treated as paid. Just follow the guidance above when completing boxes 6.6 to 6.8.

If you have made gains from more than one policy and they were not identical and taken out at the same time with the same insurer, you will need to enter details in the 'Additional information' box, box 23.9 on page 10 of your Tax Return. Describe each policy, life annuity or cluster of identical policies. State the amount of the gains, the number of complete years and the amount of any tax treated as paid. Add all the gains and tax treated as paid together and transfer the totals to boxes 6.8 and 6.7 as appropriate. Do not make any entry for the number of years in box 6.6.

Deficiencies arising from policies of life insurance, life annuities and capital redemption policies

A relief known as 'deficiency relief' may be due occasionally when a foreign policy of life insurance, foreign life annuity or foreign capital redemption policy came to an end during 2005–06. The relief will only be due if you have made one or more previous gains during the term of the policy as a result of making part withdrawals or part assignments of value higher than 5% of the premium in a year and you are also a higher rate taxpayer in 2005–06. If you think this relief may apply to you, ask the Orderline for *Help Sheet IR321: Gains on Foreign Life Insurance Policies* and read the section headed 'The result of the calculation is not a positive amount'. Enter how much relief you are due in box 12.9 of your Tax Return.

Filling in Page F3

Fill in Page F3 if you are claiming foreign tax credit relief on income or gains reported elsewhere in your Tax Return. Fill in Page F3 if you have completed the Employment, Self-employment, Partnerships or Capital gains Pages or boxes 13.1 to 13.3, 'Other income' on page 4 of your Tax Return and you have paid foreign tax on that income or those gains and you want to claim foreign tax credit relief for the foreign tax.

You cannot claim foreign tax credit relief for any foreign tax you have deducted in calculating the taxable amount of your income (or gains).

Foreign tax credit relief for foreign tax paid on employment, self-employment and other income

For income from membership of Lloyd's, please see page LUN11 of the Notes on Lloyd's Underwriters for guidance on completing this part of the Foreign Pages.

column A Enter the name of the country where your income arose and whose tax has been deducted from that income.

column C Enter in sterling the amount of foreign tax paid.

column E Enter the gross amount of income you have reported elsewhere and on which foreign tax has been paid.

If you carried on a trade, profession or vocation in the UK and the gross receipts of the business include income on which you have paid foreign tax, you need to calculate the amount of the overall profits attributable to the overseas receipts. Do this by attributing the profit in proportion to geographical turnover, or by a more precise allocation of business expenses against the foreign receipts. If the source of income is the overseas branch of a UK business, enter in column E the gross profits earned by the branch. **You might be asked later for a copy of the branch accounts.**

■ **Trades, professions and vocations set-up – overlap profits and foreign tax credit relief**

If you earned profits from a trade, profession or vocation in 2005–06 and your basis period overlaps with the basis period for 2004–05, you may be able to claim foreign tax credit relief in 2005–06 for any foreign tax paid on the profits of the overlap period, even though relief for the same tax may already have been allowed in working out your tax liability for 2004–05.

Example 7

Mike's business started on 1 October 2004. His first account is for the 12 months to 30 September 2005. His basis periods are:

2004–05 1 October 2004 to 5 April 2005

2005–06 1 October 2004 to 30 September 2005

The period of overlap is 1 October 2004 to 5 April 2005 (six months). So if the profit of the 12 months to 30 September 2005 is £12,000, the 'overlap profit' is ($\frac{1}{2} \times £12,000$) = £6,000 (over six months). This is the same as the assessable amount for 2004–05.

Suppose Mike's profits for the 12 months to 30 September 2005 include overseas profits of £4,000 on which he has paid foreign tax of £1,500. The total foreign tax available for foreign tax credit relief in the two years 2004–05 and 2005–06 will be:

12 months to 30 September 2005	£1,500
+ overlap period ($\frac{1}{2} \times £1,500$)	£750
	£2,250

The amount eligible for foreign tax credit relief in 2005–06 is £2,250 minus the amount of foreign tax credit relief allowed for the overlap profit in 2004–05. So, if £1,000 relief was allowed in 2004–05, £1,250 will be available for relief in 2005–06.

If your basis periods for 2004–05 and 2005–06 overlap in this way ask the Orderline for *Help Sheet IR260: Overlap* to work out the amount of foreign tax to be entered in column D on Page F3.

■ **Overlap relief and foreign tax credit relief**

Overlap profits which arose in an earlier year can be deducted as 'overlap relief' in working out taxable business profits for 2005–06 if either:

- you sold or closed down your business in 2005–06, **or**
- following a change of accounting date, your basis period for 2005–06 is more than 12 months long.

If you are claiming overlap relief for 2005–06 and the overlap profits available include profits for which foreign tax credit relief for foreign tax paid was allowed in an earlier year, all or part of that foreign tax credit relief is recoverable in 2005–06.

The amount to be recovered is the amount of additional foreign tax credit relief which was allowed in earlier years in respect of the overlap profits deducted as overlap relief in 2005–06.

Example 8

Liz has available overlap profits of £5,000 that had suffered foreign tax of £1,300.

In the two years when the overlap profits were taxable, a total of £1,950 foreign tax credit relief (that is, additional foreign tax credit relief of £1,950 *minus* £1,300 = £650) was allowed for that foreign tax.

If £2,500 (that is, half) of the overlap profits are deducted as 'overlap relief' in 2004–05, half of the additional foreign tax credit relief ($£650/2 = £325$) is recoverable in 2005–06.

Ask the Orderline for *Help Sheet IR260: Overlap* if:

- you have entered a figure for overlap relief in box 3.76 of the Self-employment Pages, **and**

- relief by way of credit for foreign tax was previously allowed for the overlap profits now deducted, **and**
- you want to calculate your tax.

The Help Sheet will give you a figure for foreign tax credit relief which needs to be recovered. **Copy it to box 18.4 of your Tax Return.**

If you do not want to calculate your tax enter details, in the 'Additional information' box, box 6.39 on Page F5, of the foreign tax credit relief allowed in an earlier year for those overlap profits.

■ **Calculating your foreign tax credit relief**

box 6.9 If you calculate your foreign tax credit relief on your income, enter the total in box 6.9. The notes below explain how to do this. See also the notes on page FN11 under the heading 'Income received by overseas trusts, companies and other entities'.

Foreign tax credit relief for foreign tax paid on gains

Enter the following details for each event that has given rise to a chargeable gain in the five columns of Page F3 of your Foreign Pages:

- the amount in sterling of the chargeable gain worked out following UK rules (see the Capital Gains Pages)
- the period of ownership over which that gain accrued
- the amount in sterling of the gains chargeable under foreign tax rules
- the period over which the foreign gain accrued
- the amount in sterling of foreign tax paid.

box 6.10 If you have calculated foreign tax credit relief on your gains, enter the total in box 6.10. Use *Help Sheet IR261: Foreign tax credit relief: capital gains* available from the Orderline.

■ **Relief for Special Withholding Tax paid on gains**

box 6.10A If the proceeds of a transaction resulting in a gain have had Special Withholding Tax deducted by one of the territories listed on page FN3, enter the amount of the Special Withholding Tax here. If Capital Gains Tax is payable by reference to the amount of the gain received in the UK then you can only claim the Special Withholding Tax that relates to part of the gain that has been brought into the UK.

Example 9

Lucy is non-domiciled in the UK. She sold some shares in an Austrian company resulting in a gain of £20,000. £3,000 tax was withheld by Austria. Half of the net proceeds (£8,500) was brought into the UK. The Special Withholding Tax that relates to the £8,500 is $£3,000 \times \frac{8500}{17000} = £1,500$.

Part 2 – calculating foreign tax credit relief

You only need to read Part 2 if you want to calculate your tax. Otherwise, ignore what follows and finish filling in your Tax Return.

■ **Relief against Income Tax**

If you have paid foreign tax on an item of income that is also chargeable to UK tax you can claim foreign tax credit relief for all or part of the foreign tax up to the amount of the UK tax chargeable on the same item of income.

Relief must be calculated separately for each item of your overseas income. This may mean that you cannot get relief for all the foreign tax you have paid.

If you are claiming credit relief for foreign tax paid against the UK tax due on more than one item of foreign income, you will need to fill in a separate Foreign Tax Credit Relief Working Sheet for each item of income. Please make however many photocopies you need of the Foreign Tax Credit Relief Working Sheet before you start to fill it in.

You must fill in the Comprehensive Tax Calculation Guide **up to and including box c7.16** on page 14, **before** you begin to fill in the Foreign Tax Credit Relief Working Sheet.

The whole of the foreign tax in respect of which you are claiming credit will be allowable if:

- all your foreign income is non-savings income and the figure in box c5.5 exceeds the total of the foreign income for which credit relief for foreign tax is claimed and none of your foreign income has been subjected to foreign tax at a rate of more than 40%; **or**
- all your foreign income is savings income (other than dividends) and the figure in box c5.11 exceeds the total of the foreign income for which credit relief for foreign tax is claimed and none of your foreign income has been subjected to foreign tax at a rate of more than 40%; **or**
- all your foreign income is dividend income and the figure in box c5.15 exceeds the total of the foreign income for which credit relief for foreign tax is claimed and none of your foreign income has been subjected to foreign tax at a rate of more than 32.5%.

If any of the above circumstances apply there is no need to fill in the Foreign Tax Credit Relief Working Sheet. Simply enter in box 6.9 of these Pages the amount of foreign tax for which you are claiming credit and copy it to box c7.17 in the Comprehensive Tax Calculation Guide. Otherwise, you must fill in one or more Foreign Tax Credit Relief Working Sheets in order to arrive at the figure to enter in box 6.9.

• Method

To ensure that the amount of credit relief allowed for foreign tax on any particular item of income does not exceed the UK tax chargeable on that income, it is first necessary to work out the UK tax chargeable on that income. This figure is then compared with the foreign tax eligible for credit relief.

If the foreign tax eligible for credit relief is less than the amount of UK tax chargeable on the same item of income, the whole of the foreign tax is allowed as foreign tax credit relief.

But if the foreign tax eligible for credit relief exceeds the amount of UK tax chargeable on the same item of income, credit relief is limited to the amount of UK tax, and the excess foreign tax cannot be repaid or deducted in arriving at the amount of income chargeable to UK tax.

If you have more than one item of foreign income (including, for example, dividends from more than one overseas company), you should work out separately the UK tax chargeable on each item in turn, beginning with the item that has been charged at the highest rate of foreign tax and repeating the calculation for each successive item. As each successive item is dealt with, it is excluded from the next calculation, so that eventually the item that has been subjected to the lowest rate of foreign tax is reached. In this way the amount of the relief is maximised.

box 6.9 If you have calculated foreign tax credit relief on your income, enter the amount you are claiming in box 6.9. See also the notes on page FN11 under the heading 'Income received by overseas trusts, companies and other entities'.

■ Relief against Capital Gains Tax

If you are calculating your tax and wish to claim relief for foreign tax by way of credit against your UK Capital Gains Tax liability, ask the Orderline for *Help Sheet IR261: Foreign tax credit relief: capital gains*.

Foreign tax eligible for relief against UK Capital Gains Tax includes any foreign tax, not necessarily foreign capital gains tax, paid on gains which are chargeable to UK tax. For example, some countries do not have a separate capital gains tax: instead individuals pay income tax on their gains. This income tax will usually qualify for credit relief against UK Capital Gains Tax.

box 6.10 If you have calculated foreign tax credit relief on your gains, enter the amount you are claiming in box 6.10.

■ Filling in the Foreign Tax Credit Relief Working Sheet (FTCRWS)

These instructions tell you how to fill in the Foreign Tax Credit Relief Working Sheet. The Working Sheet begins on page FN18. References in the following notes to boxes beginning with 'c' are to boxes in the Comprehensive Tax Calculation Guide, available from the Orderline.

If you have chargeable gains, ask the Orderline for *Help Sheet IR261: Foreign tax credit relief: capital gains*, to work out foreign tax credit relief on your capital gains.

If you are not sure what to do, ask us or your tax adviser.

You only need to fill in the FTCRWS if you want to work out your tax.

Complete a separate FTCRWS for each item of foreign income on which you have paid foreign tax in respect of which you want to claim relief by way of credit. Please take sufficient photocopies of the Working Sheet in case you need to fill in more than one FTCRWS.

boxes TC1 to TC7 If you are completing your first FTCRWS, copy into these boxes the figures in boxes c1.25, c1.26, c1.27, c1.28, c1.29, c1.30, and c.1.31 of your Comprehensive Tax Calculation Guide.

If you are completing your second or subsequent FTCRWS, copy into boxes TC1 to TC7 the figures from boxes TC15, TC16, TC17, TC18, TC19, TC20 and TC21.

boxes TC8 to TC14 From your Foreign Pages, select the item of income showing the highest rate of foreign tax suffered and for which you have yet to calculate foreign tax credit relief. For that item enter, in the appropriate column in line 2, and also in box TC14, the amount of income chargeable to UK tax as shown in column E. Enter '0' in all the other columns in line 2.

box TC23 Look at boxes c2.1 to c2.16 of the Comprehensive Tax Calculation Guide. If any of the deductions from income that you have claimed there relate specifically to, and depend upon the amount of, the item of income in boxes TC8 to TC13 above, enter, in box TC23, the amount of the deductions.

Example 10

Neil is aged 34 and his business profits of £12,000 include £4,000 that has suffered foreign tax, and he has made payment of £1,800 towards a retirement annuity. Based on income of £12,000, relief as a deduction is due for the whole £1,800. If, however, the £4,000 foreign profits are excluded, the retirement annuity relief deduction is limited to £1,400 (being 17.5% of the remaining 'net relevant earnings' of £8,000). So the amount of the deduction attributable to the foreign profits is £1,800 *minus* £1,400 = £400. This is the figure that Neil should enter in box TC23.

box TC25 If you were born on or after 6 April 1941, enter '0' in box TC25.

If you were born before 6 April 1941, you need to work out the personal allowance that would be due if your income was that in box c1.31 of the Comprehensive Tax Calculation Guide, as reduced by the item of income deducted in boxes TC8 to TC13. Page 24 of the Comprehensive Tax Calculation Guide explains how to calculate the age related personal allowance. Fill in boxes A to C below.

Age-related allowance adjustment
– complete for each separate FTCRWS

Revised age-related allowance from box c10.11 **A** £

Allowance previously claimed in box c2.19 or from box A of any previous adjustment working sheet **B** £

Box A *minus* box B **C** £

Copy the amount in box C to box TC25. The following boxes, TC27 to TC38, will then allocate the additional allowance in the most advantageous way.

boxes TC39 to TC107 Fill in these boxes by following the instructions on the FTCRWS, but see the notes below for boxes TC94 and TC99.

box TC94 If you have gains on life insurance policies etc., and qualify for Top Slicing Relief, you need to work out the amount that would be due if your income was that in box c1.31 of the Comprehensive Tax Calculation Guide, as reduced by the item of income deducted in boxes TC8 to TC13. Pages 28 and 29 of that Guide explain how to work out Top Slicing Relief. Enter the revised amount in box TC94.

box TC99 If you qualify for married couple's allowance you need to work out the allowance that would be due if your income was that in box c1.31 of the Comprehensive Tax Calculation Guide, as reduced by the item of income deducted in boxes TC8 to TC13. Pages 25 and 26 of the Comprehensive Tax Calculation Guide explain how to work out the allowance. Enter the revised allowance in box TC99.

box TC108 If you are completing your first FTCRWS, enter the figure at box c7.1 of your Comprehensive Tax Calculation Guide *minus* the total of boxes c7.2, c7.4, c7.6, c7.8, c7.13, c7.15 and c7.16. Otherwise, enter the figure in box TC107 of the last FTCRWS you completed.

box TC109 Subtract the amount in box TC107 from that in box TC108 and enter the result in box TC109. This is the amount of Income Tax at your marginal rate on the item of income in boxes TC8 to TC13 above.

box TC110 Enter, from column C of your Foreign Pages, the amount of foreign tax paid on the item of income in boxes TC8 to TC13 of this FTCRWS.

box TC111 Enter the lower of the figures in boxes TC109 and TC110.

Now fill in another FTCRWS for your next item of income. Finally, add up the figures in box TC111 in each FTCRWS that you have completed and enter the total in box 6.9 of your Foreign Pages, and box c7.17 in the Comprehensive Tax Calculation Guide.

Foreign Tax Credit Relief Working Sheet (FTCRWS)

CALCULATION HELP

If any box on this page results in a minus amount, substitute the minus amount with zero (0).

Non-savings income, etc.

from box c1.25
or box TC15 of a
previous FTCRWS

TC1

£

Lumps sums, etc.

from box c1.26
or box TC16 of a
previous FTCRWS

TC2

£

Non-savings income,
etc. with notional tax

from box c1.30
or box TC17 of a
previous FTCRWS

TC3

£

Deduct the item of income in respect of which foreign tax credit relief is being claimed on this working sheet (see page FN16)

TC8

£

TC9

£

TC10

£

box TC1 minus TC8

TC15

£

box TC2 minus TC9

TC16

£

box TC3 minus TC10

TC17

£

from box c2.23
or box TC26 of a
previous FTCRWS

TC22

£

Enter in box TC23, any deduction from Stage 2 in the Comprehensive Tax Calculation Guide that is specifically attributable to the item entered in boxes TC8 to TC13 (see page FN16)

TC23

£

box TC22 minus TC23

TC24

£

Additional income-related age allowance due as a result of excluding the item of income in boxes TC8 to TC13

TC25

£

TC24 + TC25

TC26

£

box TC15 minus TC26

TC27

£

box TC26 minus TC15

TC28

£

box TC16 minus TC28

TC29

£

box TC28 minus TC16

TC30

£

box TC17 minus TC30

TC31

£

Savings income, etc.,
(not dividends)

Gains on life policies
with tax treated as paid

Dividends taxed at 10%

Totals

from box c1.27
or box TC18 of a
previous FTCRWS

TC4

£

from box c1.29
or box TC19 of a
previous FTCRWS

TC5

£

from box c1.28
or box TC20 of a
previous FTCRWS

TC6

£

from box c1.31
or box TC21 of a
previous FTCRWS

TC7

£

TC11

£

TC12

£

TC13

£

TC14

£

box TC4 *minus* TC11

TC18

£

box TC5 *minus* TC12

TC19

£

box TC6 *minus* TC13

TC20

£

box TC7 *minus* TC14

TC21

£

CALCULATION HELP

If any box on this page results in a minus amount, substitute the minus amount with zero (0).

box TC30 *minus* TC17

TC32

£

box TC18 *minus* TC32

TC33

£

box TC32 *minus* TC18

TC34

£

box TC19 *minus* TC34

TC35

£

box TC34 *minus* TC19

TC36

£

box TC20 *minus* TC36

TC37

£

box TC21 *minus* TC26

TC38

£

Foreign Tax Credit Relief Working Sheet (FTCRWS) – continued

CALCULATION HELP

If any box on this page results in a minus amount, substitute the minus amount with zero (0).

Starting rate

TC39

£ 2,090

Extended basic rate band

from box c4.7 TC40

£

Allocate non-savings income to tax bands

from box TC27 TC41

£

from box TC31 TC42

£

TC41 + TC42

TC43

£

box TC39 minus TC44

TC48

£

box TC40 minus TC46

TC49

£

Allocate savings etc., and gains on life policies without notional tax (but not dividends) to tax bands

from box TC33 TC50

£

box TC48 minus TC51

TC55

£

box TC49 minus TC53

TC56

£

Allocate dividends etc. to tax bands

from box TC37 TC57

£

box TC55 minus TC58

TC62

£

box TC56 minus TC60

TC63

£

Allocate lump sum payments to tax bands

from box TC29 TC64

£

box TC62 minus TC65

TC69

£

box TC63 minus TC67

TC70

£

Allocate gains on life policies with tax treated as paid

from box TC35 TC71

£

CALCULATION HELP

If any box on this page results in a minus amount, substitute the minus amount with zero (0).

lower of boxes TC39
and TC43

TC44£

box TC43 *minus* TC44

TC45£

lower of boxes TC40
and TC45

TC46£

box TC45 *minus* TC46

TC47£

lower of boxes TC48
and TC50

TC51£

box TC50 *minus* TC51

TC52£

lower of boxes TC49
and TC52

TC53£

box TC52 *minus* TC53

TC54£

lower of boxes TC55
and TC57

TC58£

box TC57 *minus* TC58

TC59£

lower of boxes TC56
and TC59

TC60£

box TC59 *minus* TC60

TC61£

lower of boxes TC62
and TC64

TC65£

box TC64 *minus* TC65

TC66£

lower of boxes TC63
and TC66

TC67£

box TC66 *minus* TC67

TC68£

lower of boxes TC69
and TC71

TC72£

box TC71 *minus* TC72

TC73£

lower of boxes TC70
and TC73

TC74£

box TC73 *minus* TC74

TC75£

Foreign Tax Credit Relief Working Sheet (FTCRWS) – continued

Non-savings income and lump sum payments

CALCULATION HELP

If any box on this page results in a minus amount, substitute the minus amount with zero (0).

TC44 + TC65	box TC76 x 10%
TC76	TC77
£ <input type="text"/>	£ <input type="text"/>

TC46 + TC67	box TC78 x 22%
TC78	TC79
£ <input type="text"/>	£ <input type="text"/>

TC47 + TC68	box TC80 x 40%
TC80	TC81
£ <input type="text"/>	£ <input type="text"/>

Savings income and gains on life policies

from box TC51	box TC82 x 10%
TC82	TC83
£ <input type="text"/>	£ <input type="text"/>

TC53 + TC72 + TC74	box TC84 x 20%
TC84	TC85
£ <input type="text"/>	£ <input type="text"/>

TC54 + TC75	box TC86 x 40%
TC86	TC87
£ <input type="text"/>	£ <input type="text"/>

Dividend income

TC58 + TC60	box TC88 x 10%
TC88	TC89
£ <input type="text"/>	£ <input type="text"/>

from box TC61	box TC90 x 32.5%
TC90	TC91
£ <input type="text"/>	£ <input type="text"/>

total of column above
TC92

£

copy box TC92 to box TC93

Now calculate tax due.

CALCULATION HELP

If any box on this page results in a minus amount, substitute the minus amount with zero (0).

	Income Tax due from box TC92 TC93 £ <input style="width: 150px;" type="text"/>
Top Slicing Relief (see Notes, page FN16)	from box c13.28 TC94 £ <input style="width: 150px;" type="text"/>
Venture Capital Trusts Relief	from box c7.4 TC95 £ <input style="width: 150px;" type="text"/>
Enterprise Investment Scheme Relief	from box c7.6 TC96 £ <input style="width: 150px;" type="text"/>
Community Investment Tax Relief	from box c7.8 TC97 £ <input style="width: 150px;" type="text"/>
Maintenance and alimony	from box 15.2 TC98 £ <input style="width: 150px;" type="text"/>
Married couple's allowance (see Notes, page FN17)	TC99 £ <input style="width: 150px;" type="text"/>
Married couple's surplus allowance	from box 16.17 TC100 £ <input style="width: 150px;" type="text"/>
total of boxes TC98 to TC100	TC101 £ <input style="width: 150px;" type="text"/>
Tax treated as paid on gains on life policies	from box TC71 TC103 £ <input style="width: 150px;" type="text"/>
Other notional tax	from box c15.28 TC105 £ <input style="width: 150px;" type="text"/>
Income Tax due before foreign tax credit relief	total of column above TC106 £ <input style="width: 150px;" type="text"/>
Income Tax due on the item of income in boxes TC8 to TC13 on pages FN18 and FN19	TC103 x 10% TC102 £ <input style="width: 150px;" type="text"/>
Foreign tax paid on the item of income in boxes TC8 to TC13 on pages FN18 and FN19	TC103 x 20% TC104 £ <input style="width: 150px;" type="text"/>
Foreign tax credit relief in respect of the item of income in boxes TC8 to TC13 on pages FN18 and FN19	TC108 minus TC107 TC109 £ <input style="width: 150px;" type="text"/>
Foreign tax credit relief in respect of the item of income in boxes TC8 to TC13 on pages FN18 and FN19	lower of TC109 and TC110 TC111 £ <input style="width: 150px;" type="text"/>

Now complete another FTCRWS for your next item of income.

Otherwise, add up the figures in box TC111 in each FTCRWS and put the total in box 6.9 in your Foreign Pages.

Countries with Double Taxation Agreements with the UK – rates of withholding tax

This Table shows the maximum rates of tax those countries with a Double Taxation Agreement with the UK can charge a UK resident on payments of dividends, interest, royalties and management/technical fees. **The Table only includes agreements which are currently in force.**

Abbreviations: NA = No Article. The foreign country can therefore tax the income in accordance with its own domestic law.
S = There is a 'subject to tax' condition

Country	Dividends paid to portfolio investors	Interest	Royalties	Management/technical fees	Notes
Antigua and Barbuda	Zero (S)	NA	Zero (S)	NA	
Argentina	15%	12%	15% (Note 1)	NA	1. 3% on news. 5% on copyright royalties other than for films and television. 10% on payments for the use of industrial or scientific equipment.
Australia	15% (Note 1)	10%	5%	NA	1. Only unfranked dividends carry withholding tax.
Austria	15%	Zero	Zero	NA	
Azerbaijan	15%	10%	10% (Note 1)	NA	1. 5% on copyright royalties.
Bangladesh	15%	10%	10%	NA	
Barbados	Zero (S)	15% (S)	Zero (S) (Note 1)	NA	1. 15% on cinematograph and television royalties.
Belarus*	Zero	Zero	Zero	NA	
Belgium	10%	15%	Zero	NA	
Belize	Zero (S)	NA	Zero (S)	NA	
Bolivia	15%	15%	15%	NA	
Bosnia-Herzegovina	15%	10%	10%	NA	
Botswana	15%	15%	15%	NA	
Brunei	Zero (S)	NA	Zero (S)	NA	
Bulgaria	10%	Zero	Zero	NA	
Canada	15%	10% (Note 1)	10% (Note 2)	NA	1. Zero if loan guaranteed by UK ECGD or Canadian EDC or if Canadian government or local authority bond. 2. Zero if copyright royalties (excluding films and television).
Chile	15%	15%	10%	NA	
China	10%	10% (Note 1)	10% (Note 2)	10% (Note 3)	1. Exempt in certain circumstances (Art 11(3)). 2. Payments for the use of, or right to use, any industrial, commercial or scientific equipment 10% of 70% of the gross amount of the royalty. 3. On 70% of gross fees.
Croatia	15%	10%	10%	NA	

* UK/Soviet Union agreement applies

Country	Dividends paid to portfolio investors	Interest	Royalties	Management/technical fees	Notes
Cyprus	Zero	10%	Zero (Note 1)	NA	1. 5% on film and television royalties.
Czech Republic	15%	Zero	10% (Note 1)	NA	1. Zero on copyright royalties.
Denmark	15%	Zero	Zero	NA	
Egypt	20%	15% (Note 1)	15%	NA	1. Exempt if loan guaranteed by UK ECGD.
Estonia	15%	10% (Note 1)	10% (Note 2)	NA	1. Exempt in certain circumstances (see Art 11(3)). 2. 5% on royalties for the use of industrial, commercial or scientific equipment (see Art 12(2)(6)).
Falkland Islands	(Note 1)	Nil (Note 2)	Zero	15%	1. Ask to see the Double Taxation Manual at your HM Revenue & Customs office. 2. Exempt if loan guaranteed by UK ECGD.
Fiji	15%	10%	15% (Note 1)	15%	1. Zero if copyright royalties (excluding films and television).
Finland	5%	Zero	Zero	NA	
France	15% (Note 1)	Zero	Zero	NA	1. Ask to see the Double Taxation Manual, DT7259, at your HM Revenue & Customs office, for application of subject to tax condition to payment of 'avoir fiscal'.
Gambia	Zero (S)	15% (S)	12.5% (S)	15% (S)	
Germany	15% (S)	Zero (S)	Zero (S)	NA	
Ghana	15% (S)	12.5% (S)	Zero (S)	NA	
Greece	NA	Zero (S)	Zero (S)	NA	
Grenada	Zero (S)	NA	Zero (S)	NA	
Guernsey	NA	NA	NA	NA	
Guyana	15%	15% (S) (Note 1)	10%	10% (Note 2)	1. Exempt if loan guaranteed by UK ECGD. 2. A smaller percentage where Guyana Minister of Finance applies Section 39(10) of the Income Tax Act, Chapter 81:01.
Hungary	15%	Zero	Zero	NA	
Iceland	15%	Zero	Zero	NA	
India	15%	15%	20% (Note 1)	NA (Note 1)	1. Article includes fees for technical services. For first five years of Convention, 15% where payer is Government. 15% for all royalties, etc. after the five years. Some forms of royalty, 10% throughout.
Indonesia	15%	10% (S)	15% (Note 1)	NA	1. 10% on payments for the use of industrial, commercial or scientific equipment. (see Art 12(2)(6)).
Irish Republic	15% (Note 1)	Zero	Zero	NA	1. Exempt where paid to a charity, superannuation fund or insurance companies in respect of pension fund business.

Country	Dividends paid to portfolio investors	Interest	Royalties	Management/technical fees	Notes
Isle of Man	NA	NA	NA	NA	
Israel	15% (S)	15% (S)	15% (S)	NA	
Italy	15% (S)	10%	8%	NA	
Ivory Coast	15% (Note 1)	15%	10%	10%	1. 18% where paid by an Ivory Coast company exempt from tax or paying at less than normal rates on profits.
Jamaica	15%	12.5% (Note 1)	10%	12.5%	1. Exempt if loan guaranteed by UK ECGD.
Japan	15%	10%	10%	NA	
Jersey	NA	NA	NA	NA	
Jordan	10%	10%	10%	NA	
Kazakhstan	15%	10% (Note 1)	10% (Note 2)	NA	1. Exempt if loan guaranteed by UK ECGD. 2. Unless election is made for net profit basis.
Kenya	15% (S)	15% (S)	15% (S)	12.5%	
Kiribati	Zero (S)	NA	Zero (S)	NA	
Korea	15%	10% (Note 1)	10% (Note 2)	NA	1. Exempt where loan is guaranteed by UK ECGD. 2. 2% on equipment leasing payments.
Kuwait	15%	Zero	10%	NA	
Latvia	15%	10% (Note 1)	10%	NA	1. Exempt if loan guaranteed by UK ECGD or Bank of England.
Lesotho	Zero (S)	NA	Zero (S)	NA	
Lithuania	15%	10% (Note 1)	10% (Note 2)	NA	1. Exempt in certain circumstances (see Art 12(2)(6)). 2. 5% on royalties for the use of industrial, commercial or scientific equipment (see Art 12(2)(6)).
Luxembourg	15%	Zero	5%	NA	
Macedonia	15%	10%	10%	NA	
Malawi	Zero (S)	Zero (S)	Zero (S)	NA	
Malaysia	10%	10% (S) (Note 1)	8%	10%	1. Exempt if an approved loan (see Art 11).
Malta	(Note 1)	10% (S)	10% (S)	NA	1. Tax not to exceed that chargeable on the profits out of which the dividends are paid.
Mauritius	15%	No limitation (Note 1)	15% (S)	NA	1. Exempt when paid to UK banks.
Mexico	Zero	15% (Note 1)	10%	NA	1. A lower rate or exemption will apply in certain circumstances (see Art 11(2)).

Country	Dividends paid to portfolio investors	Interest	Royalties	Management/technical fees	Notes
Mongolia	15%	10%	5%	NA	
Montserrat	Zero (S)	NA	Zero (S)	NA	
Morocco	25%	10%	10%	NA	
Myanmar (formerly Burma)	Zero (S)	NA	Zero (S)	NA	
Namibia	15%	20%	Exempt (S) (Note 1)	NA	1. Copyright royalties only. Other royalties: the lesser of 5% and one half of tax that would otherwise be charged.
Netherlands	15%	Zero	Zero	NA	
New Zealand	15%	10%	10%	NA	
Nigeria	15% (S)	12.5% (S)	12.5% (S)	NA	
Norway	15%	Zero	Zero	NA	
Oman	10%	Zero	Zero	NA	
Pakistan	20% (Note 1)	15%	12.5%	12.5%	1. Ask to see the Double Taxation Manual, DT14956 and Art 10, at your HM Revenue & Customs office.
Papua New Guinea	17%	10%	10%	10%	
Philippines	25%	15% (Note 1)	25% (Note 2)	NA	1. 10% where paid by a public issue bond etc. Exempt where loan is guaranteed by a UK government agency. 2. 15% on royalties for films, television or radio.
Poland	15%	Zero	10%	NA	
Portugal	15%	10% (S)	5% (S)	NA	
Romania	15%	10%	15% (Note 1)	12.5% (Note 2)	1. 10% on copyright royalties. 2. Rate applies to commissions. Ask to see the Double Taxation Manual, DT16054. at your HM Revenue & Customs office.
Russia*	10%	Zero	Zero	NA	
St Christopher-Nevis (St Kitts)	Zero (S)	NA	Zero (S)	NA	
Serbia and Montenegro	15%	10%	10%	NA	
Sierra Leone	Zero (S)	NA	Zero (S)	NA	
Singapore	0% (Note 1)	10%	10%	NA	1. Treaty allows for 15% but there are currently no withholding taxes on dividends.
Slovak Republic	15%	Zero	10% (Note 1)	NA	1. Zero on copyright royalties (see Art 12(3)(6)).
Slovenia	15%	10%	10%	NA	
Solomon Islands	Zero (S)	NA	Zero (S)	NA	

* UK/Soviet Union agreement applies

Country	Dividends paid to portfolio investors	Interest	Royalties	Management/technical fees	Notes
South Africa	15%	Zero (S)	Zero (S)	NA	
Spain	15%	12%	10%	NA	
Sri Lanka	No limitation	10% (Note 1)	10% (Note 2)	NA	1. Only reduced to this rate where paid on loan, etc. made after 21 June 1989. 2. Only reduced to this rate where rights are granted after 21 June 1989.
Sudan	15% (Note 1)	15% (S)	10% (S)	NA	1. Exempt if the dividends are exempt under Sudan law when paid to non-residents.
Swaziland	15%	NA	Exempt	NA	
Sweden	5% (Note 1)	Zero	Zero	NA	1. Also taxable in Sweden if the recipient is a Swedish national but a resident of the UK.
Switzerland	15%	Zero	Zero	NA	
Taiwan	10% (S)	10% (S)	10% (S)	NA	
Tajikistan*	Zero	Zero	Zero	NA	
Thailand	20% (Note 1)	25% (Note 2)	5% (Note 3)	NA	1. Rate only applies to a dividend from a company carrying on an industrial undertaking. 2. 10% if paid to a financial institution. 3. 15% on patent royalties.
Trinidad and Tobago	20%	10%	10% (Note 1)	10%	1. Copyright royalties are exempt.
Tunisia	20%	12%	15%	NA	
Turkey	20%	15%	10%	NA	
Turkmenistan*	Zero	Zero	Zero	NA	
Tuvalu	Zero (S)	NA	Zero (S)	NA	
Uganda	15%	15%	Zero (S)	NA	
Ukraine	10% (S)	Zero (S)	Zero	NA	
United States of America	15%	Zero	Zero	NA	
Uzbekistan	10%	5%	5%	NA	
Venezuela	10%	5% (Note 1)	7%	NA	1. Exempt if paid on a loan guaranteed by UK ECGD.
Vietnam	15%	10% (S)	10% (S)	NA	
Zambia	15% (S)	10% (S)	10% (S)	NA	
Zimbabwe	20% (S)	10% (S) (Note 1)	10% (S)	10% (S)	1. Exempt if paid on a loan guaranteed by UK ECGD.

*UK/Soviet Union agreement applies

These notes are for guidance only, and reflect the position at the time of writing. They do not affect any rights of appeal.