

Dividends paid by a UK company to an Irish resident

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How is an Irish resident individual assessed to tax in respect of dividends paid by a UK company?

An Irish resident taxpayer in receipt of dividends from a UK company is liable to Irish income tax under Case III of Schedule D on the actual amount of the dividends received. While the dividend certificate may contain a reference to a UK tax credit, this reference has no relevance for Irish tax purposes.

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[...]

Historical Position

With effect from 6 April 1999 an Irish Resident taxpayer in receipt of dividends from a UK company is liable to Irish income tax under Case III of Schedule D on the actual amount of dividend received. While the dividend certificate may contain a reference to a UK tax credit, this reference has no relevance for Irish tax purposes.

Up until the Ireland/United Kingdom Double Taxation Convention was amended at the end of 1998, there were provisions in the Convention which allowed residents of each country a credit for part of the tax paid by the company in the other country paying the dividends (known as a repayable tax credit). This reflected the position in the tax laws of each country of allowing recipients of dividends a credit in respect of part of the tax paid by the company on the profits out of which the dividends were paid.

However, following the abolition of tax credits in Ireland in 1999, and a significant reduction in the amount of credit allowed in the UK (the effect of which was to largely eliminate repayable credits in the case of non-UK residents in receipt of UK dividends), the Double Taxation Convention was amended to take account of these developments. Accordingly, there are no longer any reciprocal provisions which allow for repayable tax credits.