

## US dividends

### Part 35-02-05

This document should be read in conjunction with Chapter 3 Part 3, Chapter 2 Part 4 and Schedule 2 of the Taxes Consolidation Act 1997

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## 1 Encashment tax on US dividends

Section 833 Taxes Consolidation Act 1997 (previously Section 358 Income Tax Act 1967, previously Section 12 Finance Act 1950), allowed the Revenue Commissioners to make regulations in relation to the 1949 Ireland/US Double Taxation Convention. Statutory Instrument 381 of 1951 contained regulations made under section 12 Finance Act 1950 which provided that, exceptionally in the case of US dividends, paying agents were allowed to give a credit, against the standard rate of encashment tax they deduct for the 15% withholding tax deducted in the US.

Section 833 TCA 1997 was repealed (by section 48 Finance Act 1998) and the 1951 regulations, which were expressly concerned with US dividends which suffered 15% withholding tax under the 1949 Convention, do not apply to US dividends covered by the new Double Taxation Convention with the US. As a consequence, paying agents are required to deduct the full standard rate of encashment tax for US dividends, without any credit for US withholding tax.

Revenue insist on strict compliance with this provision from 6 April 1999.