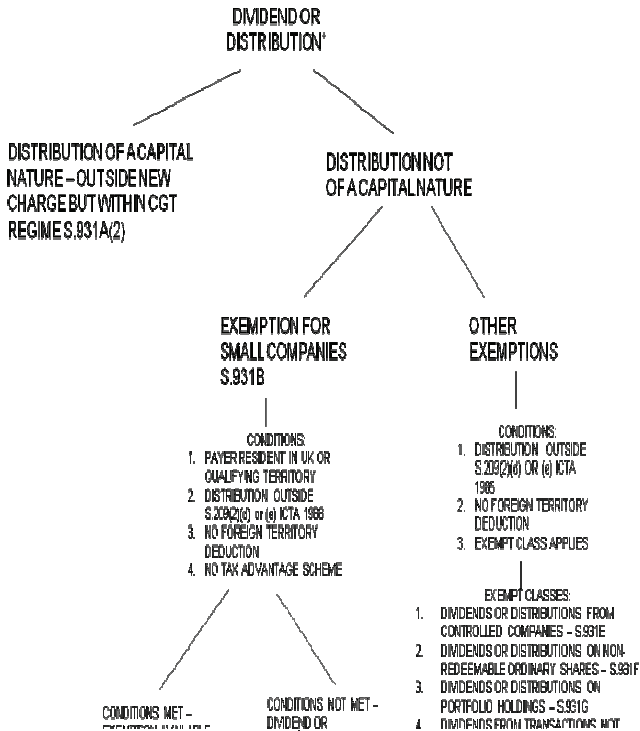


DIVIDENDS: A FLOW-CHART FOR THE NEW REGIME

by Felicity Cullen

Corporate Distributions



Exempt Classes and Specific Anti-Avoidance Rules

1. DIVIDENDS AND DISTRIBUTIONS FROM CONTROLLED COMPANIES – S.931E
 - CONTROL CONDITIONS
 - S.931J- DISAPPLICATION OF S.931E – MAIN PURPOSE TEST

+

- PRE-CONTROL PROFITS TEST

↓
2. DIVIDENDS AND DISTRIBUTIONS ON NON-REDEEMABLE ORDINARY SHARES – S.931F
 - DEFINITION OF NON-REDEEMABLE ORDINARY SHARES
 - S.931K- DISAPPLICATION OF S.931F – MAIN PURPOSE TEST
 - CHARACTER OF SHARES TEST

↓
3. DIVIDENDS AND DISTRIBUTIONS ON PORTFOLIO HOLDINGS – S.931G
 - 10% TESTS
 - S.931L- DISAPPLICATION OF S.931G – MAIN PURPOSE TEST
 - MODIFIED 10% TEST

↓
4. DIVIDENDS FROM TRANSACTIONS NOT DESIGNED TO REDUCE TAX – S.931H
 - RELEVANT PROFITS TEST

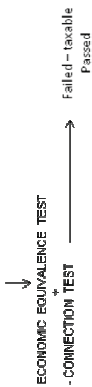
↓
5. DIVIDENDS ON SHARES ACCOUNTED FOR AS LIABILITIES – S.931I
 - APPLICATION OF LOAN RELATIONSHIP RULES

•CONDITIONS FAILED –
DIVIDEND OR
DISTRIBUTION TAXABLE

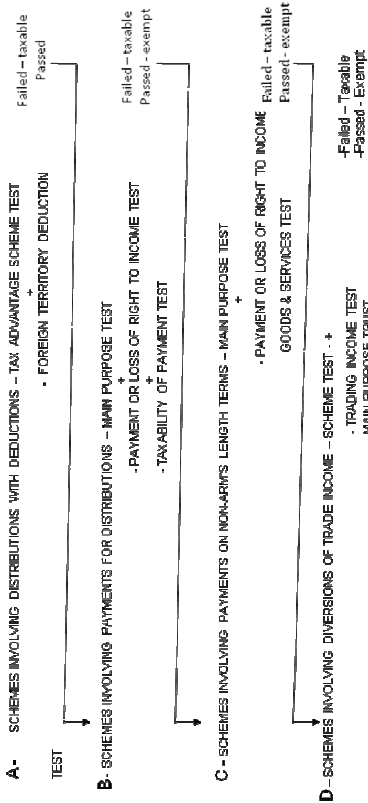
•CONDITIONS MET –
EXEMPTION
AVAILABLE SUBJECT
TO ANTI-AVOIDANCE
RULES

Loan Relationships and Further Anti-Avoidance Rules

ANTI-AVOIDANCE RULE APPLICABLE TO SCHEMES
IN THE NATURE OF LOAN RELATIONSHIPS – S.931M



FURTHER ANTI-AVOIDANCE RULES



ALL CASES OF EXEMPTION ARE SUBJECT TO ELECTION FOR TAXABILITY