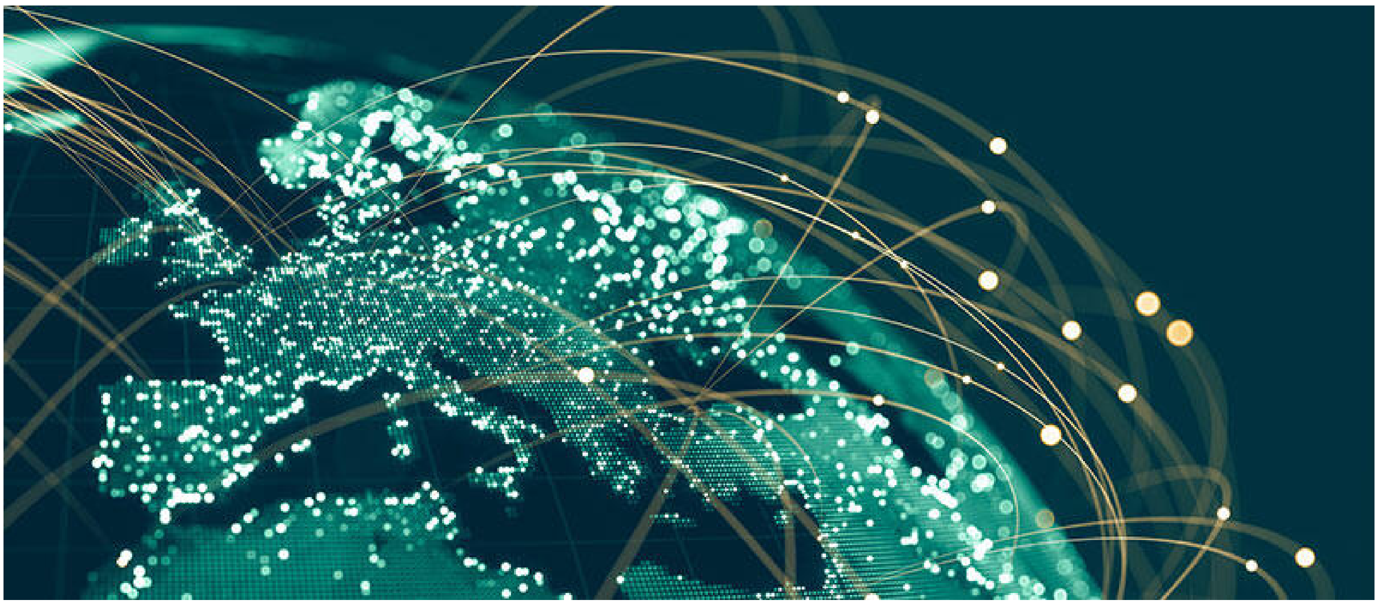
Simplifying treaty relief from withholding tax on interest paid overseas: CIOT response

International Tax Large Corporate

October 2026



24 September 2026

The CIOT have submitted comments in response to the consultation on simplifying treaty relief from withholding tax on interest paid overseas.

We welcomed the consultation on ‘Simplifying treaty relief from withholding tax on interest paid overseas’ (tinyurl.com/mtpxt4da). The CIOT have for many years been asking HMRC to look at their processes for treaty clearance for payments of interest, suggesting the introduction of self-assessment and online processes. We are therefore pleased that the government is now considering this.

Overall, we are supportive of a self-assessment system as a way of reducing the administrative burden on taxpayers and HMRC, and think that a more streamlined or self-certification system would be attractive to taxpayers. We also recognise that

HMRC will need to retain sufficient visibility over cross-border financing arrangements to ensure that treaty benefits are only claimed where appropriate.

We also say that it is disappointing that the issues arising from HMRC's ongoing pause of its concessionary treatment are outside the scope of the consultation. The suspension of this concessionary treatment has increased the practical importance of obtaining treaty clearance and has added both cost and administrative complexity to cross-border financing.

The consultation also provided an opportunity to comment on the challenges with the current processes for paying interest gross and without withholding tax where treaty relief is available. We encouraged HMRC to consider these challenges and, where possible, address them while they consult on more substantive changes to the UK rules.

You can read the CIOT's response to the consultation at: www.tax.org.uk/ref1737.

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