

Bonus issues following repayment of share capital. CTA76 s85 131.—(1) In this section—

“ordinary shares” means shares other than preference shares;

“preference shares” means shares—

(a) which do not carry any right to dividends other than dividends at a rate per cent of the nominal value of the shares which is fixed, and

(b) which carry rights in respect of dividends and capital which are comparable with those general for fixed-dividend shares quoted on a stock exchange in the State;

“new consideration not derived from ordinary shares” means new consideration other than consideration consisting of the surrender, transfer or cancellation of ordinary shares of the company or any other company or consisting of the variation of rights in ordinary shares of the company or any other company, and other than consideration derived from a repayment of share capital paid in respect of ordinary shares of the company or of any other company.

(2) Where a company—

(a) repays any share capital or has done so at any time on or after the 27th day of November, 1975, and

(b) at or after the time of that repayment, issues as paid up, otherwise than by the receipt of new consideration, any share capital,

the amount so paid up shall be treated as a distribution made in respect of the shares on which it is paid up, except in so far as that amount exceeds the amount or aggregate amount of share capital so repaid less any amounts previously so paid up and treated by virtue of this subsection as distributions.

(3) Subsection (2) shall not apply where the repaid share capital consists of fully paid up preference shares—

(a) if those shares existed as issued and fully paid preference shares on the 27th day of November, 1975, and throughout the period from that date until the repayment those shares continued to be fully paid preference shares, or

(b) if those shares were issued after the 27th day of November, 1975, as fully paid preference shares wholly for new consideration not derived from ordinary shares and throughout the period from their issue until the repayment those shares continued to be fully paid preference shares.

(4) Except in relation to a close company within the meaning of section 430, this section shall not apply if the issue of share capital mentioned in subsection (2)(b)—

(a) is of share capital other than redeemable share capital, and

(b) takes place more than 10 years after the repayment of share capital mentioned in subsection (2)(a).