

CHAPTER 4 Distributions out of certain exempt profits or gains or out of certain relieved income

Distributions out of profits or gains from stallion fees, stud greyhound services fees and occupation of certain woodlands. CTA76 s93; FA96 s25(3); FA97 s146(1) and Sch9 par10(3) 140.—(1) In this section—

“exempt profits” means profits or gains which by virtue of section 231, 232 or 233 were not charged to tax;

“other profits” includes a dividend or other distribution of a company resident in the State, but does not include a distribution to which subsection (3)(a)(i) applies.

(2) Where a distribution for an accounting period is made by a company in part out of exempt profits and in part out of other profits, the distribution shall be treated as if it consisted of 2 distributions respectively made out of exempt profits and out of other profits.

(3) (a) So much of any distribution as has been made out of exempt profits—

(i) shall, where the recipient of that distribution is a company, be deemed for the purposes of the Corporation Tax Acts to be exempt profits of the company, and

(ii) shall not be regarded as income for any purpose of the Income Tax Acts.

(b) Notwithstanding section 136, the recipient of any distribution, including part of a distribution treated under subsection (2) as a distribution, made out of exempt profits shall not be entitled to a tax credit in respect of that distribution.

(4) (a) Where a company makes a distribution, including part of a distribution treated under subsection (2) as a distribution, in respect of any right or obligation to which section 139 relates and the distribution is made out of exempt profits, the company shall make a supplementary distribution of an amount equal to the amount of the tax credit which would have applied in respect of the distribution if subsection (3)(b) had not been enacted.

(b) Subsection (2) shall apply to a supplementary distribution under this subsection as if that supplementary distribution were a distribution made wholly out of exempt profits.

(5) In relation to any distribution (not being a supplementary distribution under this section), including part of a distribution treated under subsection (2) as a distribution, made by a company out of exempt profits, section 152 shall apply to the company so that the statements provided for by that section shall show as respects each such distribution, in addition to the particulars required to be given apart from this section, that the distribution is made out of exempt profits.

(6) In relation to any supplementary distribution under subsection (4), section 152 shall apply to the company so that the statement required by subsection (1) of that section shall show, in addition to the

particulars required to be given apart from this section, the separate amount of such supplementary distribution.

(7) Where a company makes a distribution for an accounting period, the distribution shall be regarded for the purposes of this section as having been made out of the distributable income (8) of that period to the extent of that income and, in relation to the excess of the distribution over that income, out of the most recently accumulated income.

(8) Subsections (6) and (7) of section 145 shall apply for the purposes of this section as they apply for the purposes of that section.