

## PART 20 Companies' Chargeable Gains

### CHAPTER 1 General

Capital distribution derived from chargeable gain of company: recovery of tax from shareholder. CTA76 s126 614.—(1) In this section, “capital distribution” has the same meaning as in section 583.

(2) This section shall apply where a person connected with a company resident in the State receives or becomes entitled to receive in respect of shares in the company any capital distribution from the company, other than a capital distribution representing a reduction of capital, and—

(a) the capital so distributed derives from the disposal after the 5th day of April, 1976, of assets in respect of which a chargeable gain accrues to the company, or

(b) the distribution constitutes such a disposal of assets.

(3) Where the corporation tax assessed on the company for the accounting period in which the chargeable gain accrues included any amount in respect of chargeable gains, and any of the tax assessed on the company for that period is not paid within 6 months from the date when it becomes payable by the company, the person referred to in subsection (2) may by an assessment made within 2 years from that date be assessed and charged (in the name of the company) to an amount of that corporation tax—

(a) not exceeding the amount or value of the capital distribution which that person has received or became entitled to receive, and

(b) not exceeding a proportion equal to that person's share of the capital distribution made by the company of corporation tax on the amount and at the rate charged in respect of that gain in the assessment in which that tax was charged.

(4) A person paying any amount of tax under this section shall be entitled to recover a sum equal to that amount from the company.

(5) This section is without prejudice to any liability of the person receiving or becoming entitled to receive the capital distribution in respect of a chargeable gain accruing to such person by reference to the capital distribution as constituting a disposal of an interest in shares in the company.