

Calculation of advance corporation tax where company receives distributions. FA83 s41 162.—(1) In this section, references to a distribution or distributions shall not include references to a distribution or distributions—

(a) made before the 9th day of February, 1983, or

(b) treated under this Chapter as not being a distribution or distributions for the purposes of this section.

(2) Where in any accounting period a company receives a distribution, the company shall not be liable to pay advance corporation tax in respect of distributions made by it in that period unless the aggregate amount of the tax credits in respect of the distributions made by the company in the period exceeds the aggregate amount of the tax credits in respect of distributions received by it in the period.

(3) Where in any accounting period there is an excess referred to in subsection (2), the amount of advance corporation tax payable by the company in respect of distributions made by it in that period shall be equal to the excess.

(4) Where the aggregate amount of the tax credits in respect of distributions received by a company in an accounting period exceeds the sum of—

(a) the aggregate amount of the tax credits (if any) in respect of distributions made by the company in that period, and

(b) the amount of any payment to the company under any provision of the Corporation Tax Acts of the tax credits in respect of distributions received by it in that period,

the excess shall be carried forward to the next accounting period and be treated for the purposes of this section (including any further application of this subsection) as a tax credit in respect of a distribution received by the company in that period.

(5) Where an inspector discovers that, because of the payment to a company of the tax credit in respect of a distribution received by it or for any other reason, the amount carried forward under subsection (4) to an accounting period (and treated as a tax credit in respect of a distribution received by the company in that period) is or has become excessive, the inspector may make any such assessments, adjustments or set-offs as may in his or her judgment be required for securing that the amount of advance corporation tax (including interest on unpaid tax) payable by the company in respect of distributions made by it in that period is the same as it would have been if only such an amount had been so carried forward as ought to have been carried forward.