

Dividends and other distributions at gross rate or of gross amount. FA80 s49; FA88 s32(3) and Sch2 PtII par1(g) 149.—(1) Where a company makes a distribution which is a relevant distribution for the purposes of section 147, including part of a distribution treated under section 147 (4) as a relevant distribution, and which is in respect of any right or obligation to which section 139 applies, the company shall make a supplementary distribution of an amount equal to the excess of the amount of the tax credit which would have applied in respect of the relevant distribution, if section 147 (5) had not been enacted, over the amount of the tax credit which in accordance with section 147 (5) applies to the relevant distribution.

(2) Where the whole or part of a supplementary distribution under subsection (1) which is a relevant distribution for the purposes of section 147 is received by a company in an accounting period, then, for the purposes of that section—

(a) the whole or part, as the case may be, of the supplementary distribution shall be an amount taken into account under the definition of “E”, and

(b) the whole of the supplementary distribution shall be an amount taken into account under the definition of “T”,

in the formulae in subsections (1) and (3) of section 147.

(3) Notwithstanding section 136, the recipient of a supplementary distribution under subsection (1) shall not be entitled to a tax credit in respect of it.

(4) In relation to any supplementary distribution within the meaning of subsection (1), section 152 (1) shall apply to the company so that the statement required by that section shall show, in addition to the particulars required to be given apart from this section, the separate amount of such supplementary distribution.