

Set-off of advance corporation tax. FA83 s39 160.—(1) In this section, “surplus advance corporation tax”, in relation to an accounting period, means advance corporation tax which cannot be set against the company's liability to corporation tax for that period because of a want or deficiency of income charged to corporation tax for that period or because of any relief from or reduction in the amount of corporation tax charged on such income for that period.

(2) Advance corporation tax paid by a company (and not repaid) in respect of any distribution made by it in an accounting period shall be set, in so far as possible, against the company's liability to corporation tax on any income charged to corporation tax for that accounting period and shall accordingly discharge a corresponding amount of that liability.

(3) Where in the case of any accounting period of a company there is an amount of surplus advance corporation tax, the company may, within 2 years after the end of that period, claim to have the whole or any part of that amount treated for the purposes of this section (but not of any further application of this subsection) as if it were advance corporation tax paid in respect of distributions made by the company in any of its accounting periods ending in the period of 12 months immediately preceding that accounting period (but so that the amount which is the subject of the claim is set, in so far as possible, against the company's liability for a more recent accounting period before a more remote one), and in so far as may be required corporation tax shall be repaid accordingly.

(4) Where in the case of any accounting period of a company there is an amount of surplus advance corporation tax which has not been dealt with under subsection (3), that amount shall be treated for the purposes of this section (including any further application of this subsection) as if it were advance corporation tax paid in respect of distributions made by the company in the next accounting period.

(5) For the purposes of this section, the income of a company charged to corporation tax for any accounting period shall be taken to be the amount of its profits for that period on which corporation tax falls finally to be borne exclusive of the part of the profits attributable to chargeable gains, and that part shall be taken to be the amount brought into the company's profits for that period for the purposes of corporation tax in respect of chargeable gains before any deduction for charges on income, expenses of management or other amounts which can be deducted from or set against or treated as reducing profits of more than one description.

(6) For the purposes of this section, a notice under section 884 may require the inclusion in the return to be delivered by a company under that section of particulars of any surplus advance corporation tax carried forward in relation to that company under subsection (4).

(7) This section shall apply subject to sections 161 to 172.