

Treatment of certain deductions in relation to relevant distributions. FA80 s46; FA88 s32(3) and Sch2 PtII par1(b) 148.—(1) In this section, “relevant deduction”, in relation to a relevant accounting period of a company, means any amount allowed as a deduction against the total profits of the company in that period in respect of—

(a) charges on income,

(b) group relief,

(c) any allowance in respect of capital expenditure to which effect is given for that period under section 308 (4),

(d) any loss in respect of which the profits of that period are treated as reduced under section 396 (2), or

(e) other amounts which under the Corporation Tax Acts may be deducted from or set against or treated as reducing profits of more than one description.

(2) Where for any relevant accounting period of a company—

(a) the corporation tax referable to the income of the company from the sale of goods is to be reduced under section 448, and

(b) a relevant deduction has been allowed against the total profits in computing the corporation tax chargeable,

then, the amount of the company's income to be taken into account in the definition of “A” in section 147 (1) in respect of that relevant accounting period shall be reduced by an amount equal to such part of the relevant deduction as bears to the whole the same proportion as the amount of the income of the company from the sale of goods bears to the total income brought into charge to corporation tax for the relevant accounting period.