

Meaning of “the profit distribution”. CTA76 s110 414.—(1) Subject to the following provisions of this Chapter, for the purposes of section 412 the percentage to which one company is beneficially entitled of any profits available for distribution to the equity holders of another company means the percentage to which the first company would be so entitled in the relevant accounting period on a distribution in money to those equity holders of—

(a) an amount of profits equal to the total profits of the other company which arise in that accounting period (whether or not any of those profits are in fact distributed), or

(b) if there are no profits of the other company in that accounting period, profits of £100,

and in the following provisions of this Chapter that distribution is referred to as “the profit distribution”.

(2) For the purposes of the profit distribution, it shall be assumed that no payment is made by means of repayment of share capital or of the principal secured by any loan unless that payment is a distribution.

(3) Subject to subsection (2), where an equity holder is entitled as such to a payment of any description which apart from this subsection would not be treated as a distribution, it shall nevertheless be treated as an amount to which the equity holder is entitled on the profit distribution.