Recovery of capital gains tax from shareholder. CGTA75 s51(1) and Sch4 par17 977.—(1) In this section, "capital distribution" has the same meaning as in section 583.

(2) This section shall apply where a person (in this section referred to as "the beneficiary") connected with a company resident in the State receives or becomes entitled to receive in respect of shares in the company any capital distribution from the company, other than a capital distribution representing a reduction of capital, and—

(a) the capital so distributed derives from the disposal of assets in respect of which a chargeable gain accrues to the company, or

(b) the distribution constitutes such a disposal of assets.

(3) Where—

(a) the capital gains tax assessed on the company for the year of assessment in which the chargeable gain referred to in subsection (2) accrues includes any amount in respect of that chargeable gain, and

(b) any of the capital gains tax assessed on the company for that year is not paid within 6 months from the date when it becomes payable by the company,

the beneficiary may by an assessment made within 2 years from that date be assessed and charged (in the name of the company) to an amount of that capital gains tax—

(i) not exceeding the amount or value of the capital distribution which the beneficiary has received or became entitled to receive, and

(ii) not exceeding a proportion equal to the beneficiary's share of the capital distribution made by the company of capital gains tax on the amount of that gain at the rate in force when the gain accrued.

(4) A beneficiary paying any amount of tax under this section shall be entitled to recover a sum equal to that amount from the company.

(5) This section is without prejudice to any liability of the beneficiary receiving or becoming entitled to receive the capital distribution in respect of a chargeable gain accruing to that beneficiary by reference to the capital distribution as constituting a disposal of an interest in shares in the company.