

Computation of companies' chargeable gains. CTA76 s13(1), (1A), (1B), (1C), (2), (3)(a) and (c), (4) and (5); FA82 s31(1); FA88 Sch3 Ptl par1(b); FA97 s59(2) and Sch6 Ptl par1 78.—(1) Subject to this section, the amount to be included in respect of chargeable gains in a company's total profits for any accounting period shall be determined in accordance with subsection (3) after taking into account subsection (2).

(2) Where for an accounting period chargeable gains accrue to a company, an amount of capital gains tax shall be calculated as if, notwithstanding any provision to the contrary in the Corporation Tax Acts, capital gains tax were to be charged on the company in respect of those gains in accordance with the Capital Gains Tax Acts, and as if accounting periods were years of assessment; but, in calculating the amount of capital gains tax, section 31 shall apply as if the reference in that section to deducting allowable losses were a reference to deducting relevant allowable losses.

(3) (a) The amount referred to in subsection (1) shall be an amount which, if (before making any deduction from the amount) it were charged to corporation tax as profits of the company arising in the accounting period at the rate specified in section 21 (1), would produce an amount of corporation tax equal to the amount of capital gains tax calculated for that accounting period in accordance with subsection (2).

(b) For the purposes of paragraph (a), where part of the accounting period falls in one financial year (in this paragraph referred to as the “first-mentioned financial year”) and the other part falls in the financial year succeeding the first-mentioned financial year and different rates are in force under section 21 (1) for each of those years, “the rate specified in section 21 (1)” shall be deemed to be a rate per cent determined by the formula—

$$(A \times C) \text{ ————— } E + (B \times D) \text{ ————— } E$$

where—

A is the rate per cent in force for the first-mentioned financial year,

B is the rate per cent in force for the financial year succeeding the first-mentioned financial year,

C is the length of that part of the accounting period falling in the first-mentioned financial year,

D is the length of that part of the accounting period falling in the financial year succeeding the first-mentioned financial year, and

E is the length of the accounting period.

(c) Paragraph (b) shall apply as respects accounting periods ending on or after the 1st day of April, 1997, as if—

(i) the period beginning on the 1st day of January, 1996, and ending on the 31st day of March, 1997, and

(ii) the period beginning on the 1st day of April, 1997, and ending on the 31st day of December, 1998,  
were each a financial year.

(4) In subsection (2)—

“chargeable gains” does not include chargeable gains accruing on relevant disposals within the meaning of section 648;

“relevant allowable losses” means any allowable losses accruing to the company in the accounting period and any allowable losses previously accruing to the company while it has been within the charge to corporation tax in so far as they have not been allowed as a deduction from chargeable gains accruing in any previous accounting period.

(5) Except where otherwise provided by the Corporation Tax Acts, chargeable gains and allowable losses shall for the purposes of corporation tax be computed in accordance with the principles applying for capital gains tax, all questions as to the amounts which are or are not to be taken into account as chargeable gains or as allowable losses, or in computing gains or losses, or charged to tax as a person's gain, or as to the time when any such amount is to be treated as accruing, being determined in accordance with the provisions relating to capital gains tax as if accounting periods were years of assessment.

(6) Subject to subsection (8), where the enactments relating to capital gains tax contain any reference to income tax or to the Income Tax Acts, the reference shall, in relation to a company, be construed as a reference to corporation tax or to the Corporation Tax Acts; but—

(a) this subsection shall not affect the references to income tax in section 554 (2), and

(b) in so far as those enactments operate by reference to matters of any specified description, for corporation tax account shall be taken of matters of that description which are confined to companies, but not of any such matters which are confined to individuals.

(7) The Capital Gains Tax Acts as extended by this section shall not be affected in their operation by the fact that capital gains tax and corporation tax are distinct taxes but, in so far as is consistent with the Corporation Tax Acts, shall apply in relation to capital gains tax and corporation tax on chargeable gains as if they were one tax, so that, in particular, a matter which in a case involving 2 individuals is relevant for both of them in relation to capital gains tax shall in a like case involving an individual and a company be relevant for such individual in relation to capital gains tax and for such company in relation to corporation tax.

(8) Where assets of a company are vested in a liquidator, this section and the enactments applied by this section shall apply as if the assets were vested in, and the acts of the liquidator in relation to the assets were the acts of, the company (acquisitions from or disposals to the liquidator by the company being disregarded accordingly).