

Taxation of shares issued in place of cash dividends. FA74 s56(1), (2), (3)(b) and (c) and (4); FA93 s36 816.—(1) In this section—

“company” means any body corporate;

“quoted company” means a company whose shares or any class of whose shares—

(a) are listed in the official list of the Irish Stock Exchange or any other stock exchange, or

(b) are dealt in on the smaller companies market, the unlisted securities market or the exploration securities market of the Irish Stock Exchange or on any similar or corresponding market of any other stock exchange;

“share” means share in the share capital of a company and, other than in the definition of “quoted company”, includes stock and any other interest in the company.

(2) Where any person as a consequence of the exercise (whether before, on or after the declaration of a distribution of profits by a company which is not a quoted company) of an option to receive in respect of shares in the company either a sum in cash or additional share capital of the company receives such additional share capital, that person shall be deemed for the purposes of the Tax Acts to have received from the company, instead of such share capital, income equal to the sum that person would have received if that person had received the distribution in cash.

(3) Any income deemed under subsection (2) to have been received from a company by a person shall—

(a) if the company is resident outside the State, be treated as income from securities and possessions outside the State and be assessed and charged to tax under Case III of Schedule D;

(b) if the company is resident in the State, be treated as profits or gains not within any other Case of Schedule D and not charged by virtue of any other Schedule and be assessed and charged to tax under Case IV of Schedule D.

(4) For the purposes of this section, an option to receive either a dividend in cash or additional share capital shall be conferred on a person not only where that person is required to choose one or the other, but also where that person is offered the one subject to a right, however expressed, to choose the other instead, and a person's abandonment of, or failure to exercise, such a right shall be treated for those purposes as an exercise of the option.