

## CHAPTER 3 Distributions and tax credits — general

Tax credit for certain recipients of distributions. CTA76 s88; FA94 s27(b); FA97 s37 and Sch2 Par1 136.—(1) Where a company resident in the State makes a distribution, the recipient of the distribution shall, subject to the Tax Acts, be entitled to a tax credit under this section (in the Tax Acts referred to as a “tax credit”).

(2) The tax credit in respect of a distribution shall be available for the purposes specified in the Tax Acts and shall, subject to any express provision to the contrary, be an amount determined by the formula—

$$D \times A \frac{100 - A}{100}$$

where—

A is the standard credit rate per cent for the year of assessment in which the distribution is made, and

D is the amount or value of the distribution.

(3) A company resident in the State which is entitled to a tax credit in respect of a distribution may claim to have the amount of the tax credit paid to it if—

(a) the company is wholly exempt from corporation tax or is only not exempt in respect of trading income, or

(b) the distribution is one in relation to which express exemption ) is given, whether specifically or by virtue of a more general exemption from tax, under any provision of the Tax Acts.

(4) A person, not being a company resident in the State, who is entitled to a tax credit in respect of a distribution may claim—

(a) to have the credit set against the income tax chargeable on such person's income for the year of assessment in which the distribution is made, and

(b) where the credit exceeds that income tax, and the person is—

(i) resident in the State, or

(ii) entitled under section 1033 to a tax credit in respect of the distribution,

to have the excess paid to such person.

(5) (a) In this subsection, “trust resident in the State” means a trust administered under the law of the State, not being a trust the general administration of which is ordinarily carried on outside the State

and the trustees or a majority of the trustees of which are resident or ordinarily resident outside the State.

(b) Where a distribution mentioned in subsection (1) is, or is to be treated as, or is deemed to be under any provision of the Tax Acts, income of a person other than the recipient, that person shall be treated for the purposes of this section as receiving the distribution (and accordingly the question whether that person is entitled to a tax credit in respect of the distribution shall be determined by reference to where that person and not the actual recipient is resident), and where any such distribution is income of a trust resident in the State, the trustees shall be entitled to a tax credit in respect of such distribution if no other person is to be treated for the purposes of this section as receiving the distribution.