

Distributions out of profits from coal, gypsum and anhydrite mining operations. CTA76 s82; FA77 s5(2) and Sch1 PtII; FA97 s37 and Sch2 par1 143.—(1) In this section, “relieved income” means the income of a company—

(a) on which income tax was paid at a reduced rate by virtue of—

(i) section 395(1) of the Income Tax Act, 1967,

(ii) section 7 or 8 of the Finance (Miscellaneous Provisions) Act, 1956 , or

(iii) section 32 of the Finance Act, 1960 ,

(b) on which income tax was borne by deduction at a reduced rate under—

(i) section 396(1) of the Income Tax Act, 1967, or

(ii) section 9 of the Finance (Miscellaneous Provisions) Act, 1956 ,

or

(c) which is franked investment income, the tax credit comprised in which has been reduced under this section.

(2) The tax credit in respect of a distribution made wholly out of relieved income shall, notwithstanding section 136, be the amount determined by applying to the amount of the distribution the fraction—

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

where A is 50 per cent of the standard credit rate per cent for the year of assessment in which the distribution is made.

(3) Where a distribution is made in part out of relieved income and in part out of other income, the distribution shall be treated as if it consisted of 2 distributions respectively made out of relieved income and out of other income, and the tax credit in respect of each such distribution shall be calculated in accordance with subsection (2) and section 136 respectively.

(4) Any distribution, including part of a distribution treated under subsection (3) as a distribution, made out of relieved income shall, where the recipient is a company resident in the State, be deemed for the purposes of this section to be relieved income of the company.

(5) Subject to subsection (7), for the purposes of the Tax Acts, a distribution made by a company out of relieved income shall be treated as representing income equal to the aggregate of the amount or value of that distribution and the amount of the tax credit in respect of it calculated in accordance with this section.

(6) Where for a year of assessment the taxable income of an individual which is chargeable at the standard rate includes income represented by distributions made out of relieved income, the individual's liability to income tax in respect of the income represented by such distributions shall be an amount equal to the tax on that income calculated at 50 per cent of the standard rate for the year of assessment in which the distributions were made.

(7) Where for a year of assessment the taxable income of an individual which is chargeable at the higher rate includes income represented by distributions made out of relieved income, the individual's liability to income tax at the higher rate in respect of the income represented by such distributions shall be an amount equal to the tax, calculated at the higher rate for the year of assessment in which the distributions were made, on the income reduced by 50 per cent, and credit shall be given against that tax of an amount equal to tax at the standard credit rate for that year on the amount of the income as so reduced.

(8) Where a company makes a distribution, including part of a distribution treated as a distribution under subsection (3), in respect of any right or obligation to which section 139 relates and the tax credit in respect of that distribution is calculated in accordance with subsection (2), then, the company shall make a supplementary distribution of an amount equal to the excess of the tax credit which would have applied to the distribution if this section had not been enacted over the amount of the tax credit which in accordance with subsection (2) applies to the distribution, and the person to whom the distribution and the supplementary distribution are made shall be regarded as having received one distribution consisting of the aggregate of the distribution and the supplementary distribution.

(9) Notwithstanding section 136, the recipient of a supplementary distribution under subsection (8) shall not be entitled to a tax credit in respect of such supplementary distribution, and section 152 (1) shall apply so that the statement required by that section shall show, in addition to the particulars required to be given apart from this section, the separate amount of such supplementary distribution.

(10) Subsections (7) and (8) of section 144 and subsections (6) and (7) of section 145 shall apply for the purposes of this section as they apply for the purposes of those sections.

(11) In relation to any distribution (not being a supplementary distribution under this section), including part of a distribution treated under subsection (3) as a distribution, made by a company out of relieved income, section 152 shall apply so that the statements provided for by that section shall show, in addition to the particulars required to be given apart from this section, that the distribution is made out of relieved income and the amount of the tax credit which would apply in respect of the distribution if it were not made out of relieved income.