HMRC - CTM81205 - Introduction

ICTA88/S240

No ACT is payable in respect of any distribution made by a company on or after 6 April 1999.

Where in any accounting period beginning before 6 April 1999 a company, which is a body corporate resident in the UK, has paid ACT in respect of a dividend, or dividends, paid by it (prior to 6 April 1999) in that accounting period, and that ACT has not been:

repaid under ICTA88/SCH13,

or

set off or repaid under the FID provisions,

the company can claim to surrender the benefit of the whole or part of that amount. Such a company is called the ‘surrendering company’.

The surrendering company can surrender the benefit of the whole or part of the ACT to:

any company resident in the UK which is its subsidiary for the whole of that accounting period,

or

any two or more companies resident in the UK which are its subsidiaries during the whole of that accounting period (in such proportions as the surrendering company may determine).

For this purpose, dividends are treated as including distributions arising on the redemption, repayment or purchase by a company of its own shares (ICTA88/S240 (9)).

Special rules apply to the surrender of ACT by a distributing company that is within the scope of Part II of the Oil Taxation Act 1975.

ACT deemed to have been paid by set-off of an additional amount paid to a non-resident shareholder ((b) of AC4150) is available for surrender to the same extent as if it has in fact been paid.

There are provisions preventing surrendered ACT from being used in some circumstance swhere a change of ownership of the subsidiary has occurred.

Guidance where there is a change of ownership of a company holding ACT that was previously surrendered to it is at CTM81225.

Guidance where there is a change of ownership of a company holding ACT, and a transfer of an asset from a group company is at CTM81230.

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