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Status: Point in time view as at 17/07/2012.

Changes to legislation: Corporation Tax Act 2010, Section 1051 is up to date with all changes known to be in force on or before 30 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)
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Corporation Tax Act 2010

2010 CHAPTER 4

PART 23

COMPANY DISTRIBUTIONS

CHAPTER 3

MATTERS WHICH ARE NOT DISTRIBUTIONS

Stock dividends

1051 **"Bonus share capital" and "in lieu of a cash dividend"**

(1) In sections 1049 and 1050 "bonus share capital" means—
    (a) share capital issued otherwise than wholly for new consideration, or
    (b) the part (if there is such a part) of any share capital so issued that is not properly referable to new consideration.

(2) For the purposes of section 1049(1)(a) share capital is issued by a company in lieu of a cash dividend if—
    (a) it is issued in consequence of the exercise by a person of an option conferred on the person, and
    (b) that option is an option to receive, in respect of shares in the company, either a dividend in cash or additional share capital.

(3) For the purposes of subsection (2), an option to receive either a dividend in cash or additional share capital is conferred on a person not only—
    (a) if the person is required to choose one or the other, but also
    (b) if the person is offered the one subject to a right, however expressed, to choose the other instead.

2

Corporation Tax Act 2010 (c. 4)
Part 23 – Company distributions
Chapter 3 – Matters which are not distributions
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(4) The reference in subsection (2) to a person's exercise of an option includes a person's abandonment of, or failure to exercise, a right such as is mentioned in subsection (3) (b).

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