



# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART I

#### THE CHARGE TO TAX

##### *Advance corporation tax*

#### **14 Advance corporation tax and qualifying distributions**

- (1) Subject to section 247, where a company resident in the United Kingdom makes a qualifying distribution it shall be liable to pay an amount of corporation tax (“advance corporation tax”) in accordance with subsection (3) below.
- (2) In this Act “qualifying distribution” means any distribution other than—
  - (a) a distribution which, in relation to the company making it, is a distribution by virtue only of section 209(2)(c); or
  - (b) a distribution consisting of any share capital or security which the company making the distribution has directly or indirectly received from the company by which the share capital or security was issued and which, in relation to the latter company, is a distribution by virtue only of section 209(2)(c).
- (3) Subject to section 241, for the financial year 1988 and any subsequent financial year advance corporation tax shall be payable on an amount equal to the amount or value of the distribution, and shall be so payable at a rate which shall be fixed by the fraction—

$$\frac{I}{100 - I}$$

where  $I$  is the percentage at which income tax at the basic rate is charged for the year of assessment which begins on 6th April in that financial year.

- (4) The provisions of this Act as to the charge, calculation and payment of corporation tax (including provisions conferring any exemption) shall not be construed as affecting the charge, calculation or payment of advance corporation tax, and the Corporation

---

*Status: This is the original version (as it was originally enacted).*

---

Tax Acts shall apply for the purposes of advance corporation tax whether or not they are for the time being applicable for the purposes of corporation tax other than advance corporation tax.

- (5) Part VI contains further provisions relating to advance corporation tax and company distributions.