



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART VIII

TAXATION OF INCOME AND CHARGEABLE GAINS OF COMPANIES

Taxation of income

VALID FROM 10/07/2003

[^{F1}342A Tax on companies in administration

- (1) In this section—
- (a) references to the relevant event, in relation to a company in administration, are references—
 - (i) to the administrator sending a notice in respect of the company under paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 (company moving from administration to dissolution), or
 - (ii) in the case of a company which enters administration otherwise than under that Act, to the doing of any other act for a like purpose, and
 - (b) references to a company's final year are references to the financial year in which the relevant event occurs, and references to the company's penultimate year are references to the last financial year preceding its final year.
- (2) Subject to subsections (3) and (4)—
- (a) corporation tax shall be charged on the profits of the company arising in the administration in its final year at the rate of corporation tax fixed or proposed for the penultimate year, but
 - (b) where the corporation tax charged on the company's income included in those profits falls to be calculated or reduced in accordance with section 13, it shall be so calculated or reduced in accordance with such rate or fraction fixed or proposed for the penultimate year as is applicable under that section.

Status: Point in time view as at 30/05/1994. This version of this provision is not valid for this point in time.

Changes to legislation: *Income and Corporation Taxes Act 1988, Section 342A is up to date with all changes known to be in force on or before 16 July 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)*

- (3) If, before the relevant event, any of the rates or fractions mentioned in subsection (2) has been fixed or proposed for the final year, that subsection shall have effect in relation to that rate or fraction as if the references to the penultimate year there were substituted references to the final year.
- (4) If, in the case of the company’s final accounting period, the income (if any) which consists of interest received or receivable by the company under section 826 does not exceed £2,000, that income shall not be subject to corporation tax.
- (5) In subsection (4) “the company’s final accounting period” means the last accounting period of the company before the relevant event.
- (6) An assessment on the company’s profits for an accounting period in which the company is in administration shall not be invalid because made before the end of the accounting period.
- (7) In making an assessment after the company enters administration and before the date of the relevant event, the administrator may act on an assumption as to when that date will fall so far as it governs section 12(3).
- (8) The assumption of the wrong date shall not alter the company’s final and penultimate year and, if the right date is later—
 - (a) an accounting period shall end on the date assumed and a new accounting period shall begin, and
 - (b) thereafter, section 12(3) shall apply as if the company had entered administration at the beginning of that new accounting period.
- (9) Subsections (7) and (9) of section 342 apply in relation to this section as they apply in relation to that section, except that in subsection (7) of that section the reference to the completion of the winding up is to be read as a reference to the relevant event.
- (10) Where the company entered administration before its final year, paragraphs (a) and (b) of subsection (2) (but not subsection (3)) apply in relation to the company’s profits arising at any time in its penultimate year.]

Textual Amendments

- F1** S. 342A inserted (with effect in accordance with Sch. 41 para. 5(1) of the amending Act) by Finance Act 2003 (c. 14), Sch. 41 para. 3

Status:

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