

SCHEDULES

SCHEDULE 17

CONTROLLED FOREIGN COMPANIES

Paragraph 2A of Schedule 25

- 27 (1) Paragraph 2A of Schedule 25 to the Taxes Act 1988 (acceptable distribution policy: modifications of paragraph 2) shall be amended as follows.
- (2) In sub-paragraph (2) (dividend paid for earlier accounting period which is not an excluded period to be treated as falling within paragraph 2(1)(a)) in paragraph (a) and paragraph (b)—
- (a) for “which immediately precedes” there shall be substituted “immediately preceding”; and
 - (b) for “is not an excluded period” there shall be substituted “which is not an excluded dividend”.
- (3) In sub-paragraph (4) (position where no direction could be given under section 747(1) in respect of earlier accounting period because foreign company pursued acceptable distribution policy) for “no direction could be given in respect of the earlier period under section 747(1)” there shall be substituted “no apportionment under section 747(3) fell to be made in respect of the earlier period”.
- (4) In sub-paragraph (8), before paragraph (a) (definition of “excluded period”) there shall be inserted—
- “(aa) a dividend is an excluded dividend if it is paid, in whole or in part, out of the total profits from which (in accordance with section 747(6) (a)) the chargeable profits for an excluded period are derived.”.
- (5) In sub-paragraph (8)(a) (which defines an excluded period as one for which a direction is given under section 747(1)) for “a direction is given under section 747(1)” there shall be substituted “an apportionment under section 747(3) falls to be made”.