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SCHEDULES.

SCHEDULE 11

MEANING OF " DISTRIBUTION " .

PART I

GENERAL MEANING.

Matters to be treated or not treated as repayments of share capital.

- 2 (1) Where—
- (a) a company issues any share capital as paid up otherwise than by the receipt of new consideration, or has done so after 6th April, 1965 ; and
 - (b) any amount so paid up does not fall to be treated as a distribution;
- then for the purposes of paragraph 1 above distributions afterwards made by the company in respect of shares representing that share capital shall not be treated as repayments of share capital, except to the extent to which those distributions, together with any relevant distributions previously so made, exceed the amounts so paid up (then or previously) on such shares after that date and not falling to be treated as distributions.
- (2) In sub-paragraph (1) above " relevant distribution " means so much of any distribution made in respect of shares representing the relevant share capital as apart from that sub-paragraph would be treated as a repayment of share capital, but by virtue of that sub-paragraph cannot be so treated.
- (3) For the purposes of this paragraph all shares of the same class shall be treated as representing the same share capital, and where shares are issued in respect of other shares, or are directly or indirectly converted into or exchanged for other shares, all such shares shall be treated as representing the same share capital.
- 3 (1) Where share capital is issued at a premium representing new consideration, the amount of the premium is to be treated as forming part of that share capital for the purpose of determining under this Part of this Schedule whether any distribution made in respect of shares representing the share capital is to be treated as a repayment of share capital:
- Provided that this sub-paragraph shall not have effect in relation to any part of the premium after that part has been applied in paying up share capital.
- (2) Subject to sub-paragraph (1) above, premiums paid on redemption of share capital are not to be treated as repayments of capital.