



Finance Act 1997

1997 CHAPTER 16

PART V

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Distributions etc.

69 Special treatment for certain distributions.

Schedule 7 to this Act (which makes provision for the treatment of distributions arising on the purchase etc. by a company of its own shares and for cases where a distribution has a connection with a transaction in securities) shall have effect.

[^{F170} Distributions of exempt funds.

(1) In subsection (5) of section 236 of the Taxes Act 1988 (meaning of “relevant profits”) —

- (a) in paragraph (a), after “franked investment income” there shall be inserted “and foreign income dividends”; and
- (b) in paragraph (b), for “and franked investment income” there shall be substituted “, franked investment income and foreign income dividends”.

(2) After subsection (7) of that section there shall be inserted the following subsection—

“(8) In this section “foreign income dividends” shall be construed in accordance with Chapter VA of Part VI.”

(3) This section has effect (subject to subsection (4) below) for the purposes of computing the relevant profits (within the meaning of section 236 of the Taxes Act 1988) arising to a company in any period falling wholly or partly after 7th October 1996.

(4) No foreign income dividend paid before 8th October 1996 shall be included or, as the case may be, excluded by virtue of this section from any such profits as are mentioned in subsection (3) above.]

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1997, Cross Heading: Distributions etc.. (See end of Document for details)

Textual Amendments

- F1** S. 70 repealed (31.7.1997 with effect in relation to distributions made on or after 6.4.1999) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(9)** Note 3

[^{F2}71] **Set-off against franked investment income.**

Section 242 of the Taxes Act 1988 (set-off of losses against surplus franked investment income) shall have effect, and be deemed always to have had effect, as if at the end of paragraph (c) of subsection (6) (power to carry set-off forward) there were inserted

- (d) in relation to relief given in respect of amounts available to be set against profits under section 83 of the ^{M1}Finance Act 1996 or paragraph 4 of Schedule 11 to that Act or under section 131(4) of the ^{M2}Finance Act 1993 (which are provisions relating to deficits on loan relationships, foreign exchange losses and losses on certain financial instruments);”.]

Textual Amendments

- F2** S. 71 repealed (31.7.1997 with effect in accordance with s. 20 of the amending Act) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(4)** Note

Marginal Citations

- M1** 1996 c. 8.
M2 1993 c. 34.

[^{F3}72] **FIDs paid to unauthorised unit trusts.**

- (1) In section 246D(5) of the Taxes Act 1988 (section 233(1) and (1A) of that Act not to apply to FIDs paid to individuals, personal representatives or certain trustees), after “representatives” there shall be inserted “, a foreign income dividend paid to the trustees of a unit trust scheme to which section 469 applies”.
- (2) This section has effect in relation to distributions made on or after 26th November 1996.]

Textual Amendments

- F3** S. 72 repealed (31.7.1997 with effect in accordance with s. 36 and Sch. 6 to the amending Act) by 1997 c. 58, s. 52, **Sch. 8 Pt. II(11)** Note

^{F4}73 **Tax advantages to include tax credits.**

Textual Amendments

- F4** S. 73 omitted (with effect in accordance with s. 66(5) of the amending Act) by virtue of **Finance Act 2008 (c. 9), s. 66(3)(a)**

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1997, Cross Heading:
Distributions etc..