



Corporation Tax Act 2009

2009 CHAPTER 4

[^{F1}PART 9A

COMPANY DISTRIBUTIONS

CHAPTER 3

EXEMPTION OF DISTRIBUTIONS RECEIVED BY COMPANIES THAT ARE NOT SMALL

[^{F1}Exempt classes

Textual Amendments

- F1** Pt. 9A inserted (with effect in accordance with Sch. 14 para. 31 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 14 para. 1](#) (with [Sch. 14 para. 32](#))

931E Distributions from controlled companies

- (1) A dividend or other distribution falls into an exempt class if condition A or B is met.
- (2) Condition A is that the recipient controls the payer.
- [^{F2}(3) Condition B is that—
 - (a) the recipient is one of two persons who, taken together, control the payer,
 - (b) the recipient has interests, rights and powers representing at least 40% of the holdings, rights and powers in respect of which the recipient and the second person fall to be taken as controlling the payer, and
 - (c) the second person has interests, rights and powers representing—
 - (i) at least 40%, but
 - (ii) no more than 55%,

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of the holdings, rights and powers in respect of which the recipient and the second person fall to be taken as controlling the payer.

- (4) Section 371RB of TIOPA 2010 (read with section 371RD of that Act) applies for the purposes of this section.
- (5) Section 371RD of TIOPA 2010 applies for the purpose of determining if the requirements of subsection (3)(b) and (c) are met in any case.
- (6) In subsections (4) and (5) references to section 371RD of TIOPA 2010 are to that section omitting subsection (3)(c) and (d).]

Textual Amendments

- F2** Ss. 931E(3)-(6) substituted for s. 931E(3)-(5) (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 20 para. 31](#) (with [Sch. 20 para. 53](#))

931F Distributions in respect of non-redeemable ordinary shares

A dividend or other distribution falls into an exempt class if it is made in respect of a share that—

- (a) is an ordinary share, and
- (b) is not redeemable.

931G Distributions in respect of portfolio holdings

- (1) A dividend or other distribution falls into an exempt class if the recipient—
 - (a) holds less than 10% of the issued share capital of the payer,
 - (b) is entitled to less than 10% of the profits available for distribution to holders of the issued share capital of the payer, and
 - (c) would be entitled on a winding up to less than 10% of the assets of the company available for distribution to holders of the issued share capital of the payer.
- (2) Where the payer has more than one class of share, references in subsection (1) to the issued share capital of the payer are to issued share capital of the same class as the share in respect of which the distribution is made.
- (3) For the purposes of this section shares are not of the same class if the amounts paid up on them (otherwise than by way of premium) are different.

931H [^{F3}Distributions] derived from transactions not designed to reduce tax

- (1) A dividend [^{F4}or other distribution] falls into an exempt class if it is [^{F5}made] in respect of relevant profits.
- (2) In this section “relevant profits” means any profits available for distribution at the time that the [^{F6}distribution is made], other than profits that reflect the results of a transaction, or of one or more of a series of transactions, where—
 - (a) the transaction or series of transactions achieve a reduction (other than a negligible reduction) in United Kingdom tax, and

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- (b) the purpose or one of the main purposes of that transaction or series of transactions is to achieve that reduction.
- (3) A [F7distribution] that falls into an exempt class otherwise than by virtue of this section is for the purposes of this section treated, so far as possible, as [F8made] in respect of relevant profits.
- (4) Any other [F9distribution] is for the purposes of this section treated, so far as possible, as [F10made] in respect of profits other than relevant profits.
- (5) Where by virtue of subsection (4) part of a [F11distribution] is treated as [F12made] in respect of relevant profits and part is treated as [F12made] in respect of profits other than relevant profits, the two parts are treated for the purposes of this Part and [F13Part 2 of TIOPA 2010] (double taxation relief) as separate [F14distributions].

Textual Amendments

- F3** Word in s. 931H heading substituted (with effect in accordance with Sch. 3 paras. 5, 7 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 3 para. 3\(3\)\(a\)](#)
- F4** Words in s. 931H(1) inserted (with effect in accordance with Sch. 3 paras. 5, 7 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 3 para. 3\(3\)\(b\)\(i\)](#)
- F5** Word in s. 931H(1) substituted (with effect in accordance with Sch. 3 paras. 5, 7 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 3 para. 3\(3\)\(b\)\(ii\)](#)
- F6** Words in s. 931H(2) substituted (with effect in accordance with Sch. 3 paras. 5, 7 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 3 para. 3\(3\)\(c\)](#)
- F7** Word in s. 931H(3) substituted (with effect in accordance with Sch. 3 paras. 5, 7 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 3 para. 3\(3\)\(d\)\(i\)](#)
- F8** Word in s. 931H(3) substituted (with effect in accordance with Sch. 3 paras. 5, 7 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 3 para. 3\(3\)\(d\)\(ii\)](#)
- F9** Word in s. 931H(4) substituted (with effect in accordance with Sch. 3 paras. 5, 7 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 3 para. 3\(3\)\(d\)\(i\)](#)
- F10** Word in s. 931H(4) substituted (with effect in accordance with Sch. 3 paras. 5, 7 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 3 para. 3\(3\)\(d\)\(ii\)](#)
- F11** Word in s. 931H(5) substituted (with effect in accordance with Sch. 3 paras. 5, 7 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 3 para. 3\(3\)\(e\)\(i\)](#)
- F12** Word in s. 931H(5) substituted (with effect in accordance with Sch. 3 paras. 5, 7 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 3 para. 3\(3\)\(e\)\(ii\)](#)
- F13** Words in s. 931H(5) substituted (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 8 para. 99](#) (with [Sch. 9 paras. 1-9, 22](#))
- F14** Word in s. 931H(5) substituted (with effect in accordance with Sch. 3 paras. 5, 7 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 3 para. 3\(3\)\(e\)\(iii\)](#)

931I Dividends in respect of shares accounted for as liabilities

A dividend falls into an exempt class if the dividend is paid in respect of a share to which, at the time of the payment, section 521C (shares accounted for as liabilities treated as loan relationships) does not apply only because the condition in subsection (1)(f) of that section is not met.]

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Blanket amendment words substituted by [S.I. 2011/1043 art. 34](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 322(2A)(zb) inserted by [2016 c. 24 s. 73\(5\)](#)
- s. 934(1A)(1B) inserted by [2023 c. 30 Sch. 2 para. 12\(2\)](#)
- s. 962(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(5\)\(b\)](#)
- s. 962A(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(6\)\(b\)](#)
- s. 963(1A) inserted by [2023 c. 30 Sch. 2 para. 12\(7\)\(a\)](#)
- s. 1058B(5)(ea) inserted by [2023 c. 20 Sch. para. 57](#)
- s. 1094(2A)-(2C) inserted by [2012 c. 14 Sch. 3 para. 13\(3\)](#)
- s. 1106(4A)-(4C) inserted by [2012 c. 14 Sch. 3 para. 14\(3\)](#)
- s. 1138A applied by [S.I. 2024/348 reg. 3](#)