



Corporation Tax Act 2010

2010 CHAPTER 4

PART 23

COMPANY DISTRIBUTIONS

CHAPTER 3

MATTERS WHICH ARE NOT DISTRIBUTIONS

Stock dividends

1050 Application of section 1049 where bonus share capital is converted etc

- (1) This section applies if bonus share capital falling within section 1049(1)(b) is converted into, or exchanged for, shares in the company of a different class.
- (2) In this section “replacement shares” means shares in the company issued—
 - (a) in connection with the conversion or exchange, and
 - (b) in consideration of the cancellation, extinguishment or acquisition by the company of the bonus share capital.
- (3) Section 1049 does not apply to any replacement shares.
- (4) But if section 410 of ITTOIA 2005 (stock dividend income) applied to any of the bonus share capital, subsection (5) applies to replacement shares issued in consideration of the cancellation, extinguishment or acquisition by the company of the bonus share capital to which section 410 of ITTOIA 2005 applied.
- (5) The replacement shares referred to in subsection (4)—
 - (a) do not, despite paragraph C in section 1000(1), constitute a distribution within the meaning of section 1000(1), and
 - (b) are not, for the purposes of—
 - (i) section 1022 (bonus issues following repayment of share capital), or

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 1050. (See end of Document for details)

(ii) section 1026 (distributions following a bonus issue),
treated as issued “as paid up otherwise than by the receipt of new
consideration”.

Changes to legislation:

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