



Finance Act 2006

2006 CHAPTER 25

PART 3

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 1

INCOME TAX AND CORPORATION TAX: CHARGE AND RATE BANDS

Corporation tax

26 Abolition of corporation tax starting rate and non-corporate distribution rate

- (1) Section 13AA of ICTA (corporation tax starting rate) shall cease to have effect.
- (2) Section 13AB of ICTA (the non-corporate distribution rate), and Schedule A2 to that Act (supplementary provisions in relation to that rate), shall cease to have effect.
- (3) In section 13A of ICTA (close investment-holding companies), in subsection (1) (meaning of “close investment-holding company” for purposes of sections 13(1) and 13AA(8)), omit “or 13AA(8)”.

^{F1}(4)

^{F1}(5)

- (6) In paragraph 1(a) of Schedule 12 to FA 1989 (provision of information for the purposes of close companies provisions), for “13 to 13A” substitute “ 13, 13ZA, 13A ”.
- (7) In paragraph 8(1) of Schedule 18 to FA 1998 (tax calculation in company tax return), in the second step, omit “or 13AA(2)”>.
- (8) The amendments made by this section have effect for the financial year 2006 and subsequent financial years (but see also subsections (9) to (11)).

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 2006, Section 26. (See end of Document for details)*

- (9) In the case of an accounting period (a “straddling period”)—
- (a) beginning before 1st April 2006, and
 - (b) ending on or after that date,
- sections 13AA and 13AB of, and Schedule A2 to, ICTA (“the repealed provisions”) apply as if the different parts of the straddling period falling in the different financial years were separate accounting periods.
- (10) Where the rate of corporation tax charged on a company's basic profits for any such separate accounting period ending with 31st March 2006 is determined in accordance with any of the repealed provisions, section 13 of ICTA (small companies' relief) also so applies.
- (11) For the purpose of treating different parts of the straddling period as separate accounting periods in accordance with subsections (9) and (10), the profits and basic profits of the straddling period are to be apportioned between those separate accounting periods.

Textual Amendments

- F1** [S. 26\(4\)\(5\)](#) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2006, Section 26.