

SCHEDULES

SCHEDULE 13

Section 238(5), 241(4).

COLLECTION OF ADVANCE CORPORATION TAX

Duty to make returns

- 1 (1) A company shall for each of its accounting periods make, in accordance with this Schedule, returns to the collector of the franked payments made and franked investment income received by it in that period and of the advance corporation tax (if any) payable by it in respect of those payments.
- (2) A return shall be made for—
- (a) each complete quarter falling within the accounting period, that is to say, each of the periods of three months ending with 31st March, 30th June, 30th September or 31st December which falls within that period;
 - (b) each part of the accounting period which is not a complete quarter and ends on the first (or only), or begins immediately after the last (or only), of those dates which falls within the accounting period;
 - (c) if none of those dates falls within the accounting period, the whole accounting period.
- (3) A return for any period for which a return is required to be made under this paragraph (“a return period”) shall be made within 14 days from the end of that period.
- (4) Subject to paragraphs 4(2) and 7(3) below, no return need be made under this Schedule by a company for any period in which it has made no franked payments.

Contents of return

- 2 (1) Subject to paragraph 7(2) below, the return made by a company for any return period shall show—
- (a) the amount of the franked payments made by it in that period;
 - (b) the amount of franked investment income, if any, received by it in that period, and
 - (c) if any advance corporation tax is payable in respect of those payments, the amount thereof.
- (2) The return shall specify whether any amount of franked payments is included under paragraph (a) of sub-paragraph (1) above in consequence of the giving of a notice under section 247(3) and, if so, the amount so included.
- (3) For the purposes of paragraph (b) of sub-paragraph (1) above the amount of franked investment income received by a company in a return period shall be treated as including the excess, if any, of—

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- (a) any surplus of franked investment income carried forward to the accounting period for which the return is made; and
 - (b) any amount of franked investment income received by the company in that accounting period but before the beginning of the return period,
- over the amount of any franked payments made by the company in that accounting period but before the beginning of the return period.
- (4) For the purposes of paragraph (c) of sub-paragraph (1) above advance corporation tax shall be payable in respect of franked payments made in a return period if—
- (a) the amount shown under paragraph (a) of that sub-paragraph exceeds the amount shown under paragraph (b) of that sub-paragraph, or
 - (b) no amount is shown under paragraph (b) of that sub-paragraph;
- and the amount of that tax shall be calculated at the rate of advance corporation tax in force for the financial year in which the return period ends on an amount which, when that tax is added to it, is equal to that excess or, if no amount is shown under sub-paragraph (1)(b) above, to the amount shown under sub-paragraph (1)(a) above.

Payment of tax

- 3 (1) Subject to paragraph 7(2) below, advance corporation tax in respect of franked payments required to be included in a return under this Schedule shall be due at the time by which the return for that period is to be made, and advance corporation tax so due shall be payable without the making of any assessment.
- (2) Advance corporation tax which has become so due may be assessed on the company (whether or not it has been paid when the assessment is made) if that tax, or any part of it, is not paid on or before the due date.
- (3) If it appears to the inspector that there is a franked payment which ought to have been and has not been included in a return, or if the inspector is dissatisfied with any return, he may make an assessment on the company to the best of his judgment; and any advance corporation tax due under an assessment made by virtue of this sub-paragraph shall be treated for the purposes of interest on unpaid tax as having been payable at the time when it would have been payable if a correct return had been made.

Receipt of franked investment income after payment of advance corporation tax

- 4 (1) This paragraph shall have effect where—
- (a) a return has been made of franked payments made in any return period falling within an accounting period and advance corporation tax has been paid in respect of those payments; and
 - (b) the company receives franked investment income after the end of the return period but before the end of the accounting period.
- (2) The company shall make a return under paragraph 1 above for the return period in which the franked investment income is received whether or not it has made any franked payments in that period, and, subject to sub-paragraph (3) below, shall be entitled to repayment of any advance corporation tax paid (and not repaid) in respect of franked payments made in the accounting period in question.
- (3) If no franked payments were made by the company in the return period for which a return is made by virtue of sub-paragraph (2) above the amount of the repayment

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shall not exceed the amount of the tax credit comprised in the franked investment income received; and in any other case the repayment shall not exceed the amount of the tax credit comprised in so much of that franked investment income, if any, as exceeds the amount of the franked payments made in that return period.

Claims for set-off in respect of franked investment income received by a company

- 5 Where under paragraph 2 or 4 above franked investment income received by a company falls to be taken into account in determining—
- (a) whether advance corporation tax is payable or repayable; or
 - (b) the amount of such tax which is payable or repayable,
- the inclusion of that franked investment income in the appropriate return shall be treated as a claim by the company to have it so taken into account, and any such claim shall be supported by such evidence as the inspector may reasonably require.
- 6 (1) Where a claim has been made under paragraph 5 above no proceedings for collecting tax which would fall to be discharged if the claim were allowed shall be instituted pending the final determination of the claim, but this sub-paragraph shall not affect the date when the tax is due.
- (2) When the claim is finally determined any tax underpaid in consequence of sub-paragraph (1) above shall be paid.
- (3) Where proceedings are instituted for collecting tax assessed, or interest on tax assessed, under any provision of this Schedule, effect shall not be given to any claim made after the institution of the proceedings so as to affect or delay the collection or recovery of the tax charged by the assessment or of interest thereon, until the claim has been finally determined.
- (4) When the claim is finally determined any tax overpaid in consequence of sub-paragraph (3) above shall be repaid.
- (5) References in this paragraph to proceedings for the collection of tax include references to proceedings by way of distraint or pouding for tax.

Qualifying distributions which are not payments and payments of uncertain nature

- 7 (1) This paragraph applies to—
- (a) any qualifying distribution which is not a payment; and
 - (b) any payment in respect of which the company making it would be liable to pay advance corporation tax if, but only if, it amounted to or involved a qualifying distribution and it is not in the circumstances clear whether or how far it does so.
- (2) No amount shall be shown in respect of the qualifying distribution or payment under paragraph 2(1)(a) or (c) above and paragraph 3(1) above shall not apply to the payment of advance corporation tax in respect thereof.
- (3) Particulars of the qualifying distribution or payment shall be given separately in the return for the return period in which it is made and if, apart from that distribution or payment, no franked payment is made in that period, a return containing those particulars shall be made for that period under paragraph 1 above.

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- (4) Any advance corporation tax payable in respect of the qualifying distribution or payment shall be assessed on the company and shall be so assessed without regard to any franked investment income received by the company but—
- (a) relief shall be given from the tax assessed (by discharge thereof) to the extent, if any, to which that tax exceeds the tax that would have been payable if the amount of the franked payment comprising the qualifying distribution or payment, calculated on the amount or value thereof shown in the assessment, had been included in the return under sub-paragraph (1)(a) of paragraph 2 above and the tax had been calculated in accordance with sub-paragraph (4) of that paragraph; and
 - (b) for the purposes of the application of sub-paragraph (3) of that paragraph to any subsequent return period, the amount of that franked payment shall be taken to be the amount so calculated.

Items included in error

- 8 Where any item has been included in a return under this Schedule as a franked payment made or as franked investment income received by a company but that item should have been included in a return or claim under Schedule 16, the inspector may make any such assessments, adjustments or set-offs as may be required for securing that the resulting liabilities to tax (including interest on unpaid tax) whether of the company or of any other person are the same as they would have been if the item had been included in the right return or claim.

Qualifying distribution made otherwise than in an accounting period

- 9 Where a company makes a qualifying distribution on a date which does not fall within an accounting period the company shall make a return of that distribution within 14 days from that date, and the advance corporation tax in respect thereof shall be due at the time by which the return is to be made, except where the distribution is not a payment in which case the advance corporation tax shall be assessed on the company.

Assessments and due date of tax

- 10 (1) All the provisions of the Corporation Tax Acts as to the time within which an assessment may be made, so far as they refer or relate to the accounting period for which an assessment is made, or the accounting period to which an assessment relates, shall apply in relation to an assessment under this Schedule notwithstanding that, under this Schedule, the assessment may be said to relate to a quarter or other period which is not an accounting period; and the provisions of sections 36 and 39 of the Management Act as to the circumstances in which an assessment may be made out of time shall apply accordingly on the footing that any such assessment relates to the accounting period in which the quarter or other period ends or, in the case of an assessment under paragraph 9 above, to an accounting period ending on the date on which the distribution is made.
- (2) Advance corporation tax assessed on a company under this Schedule shall be due within 14 days after the issue of the notice of assessment (unless due earlier under paragraph 3(1) or 9 above).

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- (3) Sub-paragraph (2) above has effect subject to any appeal against the assessment, but no such appeal shall affect the date when tax is due under paragraph 3(1) or 9 above.
- (4) On the determination of an appeal against an assessment under this Schedule any tax overpaid shall be repaid.
- (5) Any tax assessable under any one or more of the provisions of this Schedule may be included in one assessment if the tax so included is all due on the same date.