

[20.1.1] Capital distribution derived from chargeable gain of company: recovery of tax from shareholder (S.614)

- 1.1** Section 614 applies where a person connected with an Irish resident company receives or is entitled to receive a capital distribution deriving from, or consisting of, a disposal on which a chargeable gain arises to a company. The section does not apply where the capital distribution represents a reduction in share capital.
- 1.2** Where the corporation tax due by the company on a chargeable gain is not paid within 6 months of it becoming due, the connected person may be assessed, in the name of the company, within 2 years of that date to an amount of corporation tax not exceeding —
- the capital distribution which that person has received or became entitled to receive, and
 - that person's proportionate share of the tax on the gain, at the rate in force when the gain accrued.
- 1.3** The section also provides for the further recovery of this payment from the company by the connected person.
- 1.4** Section 977 provides a similar provision to this in the case of a company chargeable to capital gains tax on a chargeable gain.