

## **Corporation Tax liability and Deposit Interest Retention Tax and Income Tax Paid by Deduction**

Deposit interest retention tax was introduced by Chapter IV of the Finance Act 1986 (now **Part 8, Chapter 4 TCA 1997**). Retention tax deducted from interest received by a company chargeable to corporation tax in respect of the interest may be set-off against its liability to corporation tax and any balance not set-off may be repaid (**Section 261(b) TCA 1997** and **Section 24(2) TCA 1997**).

In effect, retention tax suffered on interest received by a company is to be treated for the purposes of corporation tax in the same manner as income tax deducted from any other payments received by a company. Thus the amount of preliminary tax should be based on the ultimate liability to corporation tax after any set-off for retention tax or income tax paid by deduction.

**Reviewed January 2017**