

Attribution of Distributions to Accounting Periods

Part 06-06-01

This document should be read in conjunction with section 154 of the Taxes Consolidation Act 1997

Document last reviewed February 2023

Caveat

Several of the exemptions referred to in section 154 have been withdrawn and therefore the section has limited application. Historically, it had greater significance where a company's profits may have included several types of exempt or relieved income with other taxable income and the legislation required different treatments to apply to distributions made from the various sources of income.

Introduction

This manual explains the provisions included in section 154 of the Taxes Consolidation Act 1997 which effectively overrides the general rule for determining the appropriate accounting period for distributions from certain exempt income types (some of which are no longer relevant).

Essentially, subject to certain exceptions, a company can elect for a distribution to be deemed out of an accounting period up to 9 years earlier than the actual dividend date - and back further where an excess exists (in certain circumstances).

Specific Details

This section allows a company making a distribution to specify within 6 months of the end of the accounting period in which the distribution is made, the accounting period or periods for which the distribution is to be treated as having been made. This can be any accounting period (or periods) in the 9-year period before the one in which the distribution is made or for an older accounting period, where intervening periods have no undistributed income.

This election must be specified in writing and is effective for the purposes of determining the way the special distribution provisions can be applied in relation to the following income sources:

- Stallion fees, stud greyhound service fees and the occupation of certain woodlands [distribution provisions in section 140 TCA]
- Patent royalties [distribution provisions in section 141 TCA]
- Trading operations within Shannon Airport [distribution provisions in section 144 TCA]

Related Information

Occupation of certain woodlands – managed on a commercial basis with a view to profit are exempt from income tax and corporation tax [section 232(2) TCA].

Stallion fees – income exemption ceased on 31 July 2008 [section 231[(4) TCA].

Stud greyhound service fees – income exemption ceased on 31 July 2008 [section 233[(5) TCA].

Income derived from patent royalties – ceased to be disregarded income on 24 November 2010 [section 234[(9) TCA].

Certain trading operations carried on in Shannon Airport – Finance Act 2012 deleted relevant sections in Part 14 of the Taxes Consolidation Act.

Attribution of distributions to accounting periods

In specifying that a distribution was made for a particular accounting period, or periods, as per section 154(1)(a) and (b), a company may:

- only specify that so much of a distribution - as does not exceed the undistributed income of an accounting period - is made for that accounting period.
- also specify that a distribution is made for an accounting period or periods ending more than 9 years before the date of the distribution so long as the distribution does not exceed the undistributed income of the company for those periods – if there is no undistributed income left in any such periods, the company may treat the distribution or part of it as being made for an older accounting period or periods.

A company is prohibited from treating a distribution as being made for the accounting period in which the distribution is paid – exceptions to this are as follows:

- interim dividends paid before 1 January 2003,
- interest treated as a distribution by virtue of section 130(2)(d) (ii), (iii)(l) or (v),
- distributions in respect of certain preference shares - within the meaning of section 138(1),
- distributions made by a company for the accounting period when it first came within the charge to corporation tax or when it ceased to be within the charge to corporation tax.

Other Information

For calculation purposes, where this section has application, please refer to section 154[(6) and (7) of the Taxes Consolidation Act 1997.

Please see [Tax and Duty Manual Part 07-03-09](#) for further information on profits from the occupation of woodlands.