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*Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.*

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## SCHEDULES.

### SCHEDULE 17

#### SUPPLEMENTARY PROVISIONS ABOUT DIVIDEND STRIPPING.

##### *Relation of distribution to profits.*

- 5 (1) Subject to paragraph 7 below, the question how far a distribution made in respect of a holding of any class is to be treated as made out of profits arising to the company since the time when the holding was acquired shall be determined by taking the profits arising to the company since that time and seeing what proportion of that distribution and the distributions made with it on other holdings of the same class can be met out of those profits, after allowing for previous distributions made since that time on holdings of that class and for distributions made or not yet made on holdings not of that class (including any such holdings as are described in paragraph 2(3) above); and for this purpose there shall be treated as included in any distribution or part of a distribution the income tax thereon for which the company is liable to account under this Act.
- (2) The allowance to be made under sub-paragraph (1) above for previous distributions made since the time there referred to on holdings of the same class is the amount which, in the case of those distributions, is treated under that sub-paragraph as made out of the profits arising to the company since that time.
- (3) The allowance to be made under sub-paragraph (1) above for distributions on holdings not of the class in question shall be such amount, whether fixed or proportionate to the amount of the profits, as ought justly and reasonably to be set aside for making such distributions, having regard to the respective rights comprised in or attaching to holdings in the company, and on the assumption that the total amount available for distributions by the company over any period will be proportionately greater or less than the profits taken into account under sub-paragraph (1) above, according as that period is longer or shorter than the period so taken into account; and regard may be had to the fact (if it is so) that distributions for which allowance is to be made under this sub-paragraph have been treated for purposes of the principal section as paid wholly or partly out of profits arising before the period so taken into account.