

SCHEDULES.

SCHEDULE 21

TRANSITIONAL CESSATION RELIEF (SPECIAL RULES FOR TRADES).

- 3 (1) If a company on ceasing at any time to possess a trade as a source of income continues to carry on any of the activities of the trade as activities of another trade, the company shall be disentitled as at that time to such part of the allowance in respect of the first-mentioned trade as is referable to those activities.
- (2) Where within two years after the time when a company ceases to possess a trade as a source of income—
- (a) the trade or any part of it is carried on by the company or by an associated company ; or
 - (b) the activities of the trade or part of them are carried on by an associated company as activities of another trade;
- the company shall be disentitled as from that time to the allowance in respect of the first-mentioned trade:
- Provided that where this sub-paragraph applies by reason only of part of the trade or part of its activities being carried on by an associated company the company shall be so disentitled only to such part of the allowance as is referable to that part of the trade or activities.
- (3) Where a company ceases at any time to carry on part of a trade, and within two years after that time that part of the trade or the activities of it are carried on by an associated company as its trade or part of its trade, the company shall be treated as having been, as from that time, disentitled to such part of any allowance in respect of the trade as is referable to that part of the trade or those activities.
- (4) Where by reason of a company carrying on a trade or part of a trade, or carrying on any activities in the course of a trade, that company or another company becomes disentitled to an allowance or part of an allowance, the allowance shall attach or remain attached to that trade (whether or not in the year 1965-66 that trade was being carried on by that company or at all).
- (5) Where under sub-paragraph (4) above an allowance or part of an allowance in respect of a trade attaches to another trade, the allowance or that part of it shall, except as regards amount, be treated for all purposes as an allowance in respect of the trade, but the amount shall not be affected except as follows:—
- (a) the appropriate fraction shall be applied to the taxed income from that other trade, and subsection (2) proviso of the principal section shall apply to the other trade ; and
 - (b) the aggregate amount of the allowances to be given in respect of the trade on a company ceasing to possess it as a source of income, if there are more than one such allowance, shall not exceed the amount specified by subsection (2) (b) of the principal section for that one of the allowances having the highest appropriate fraction.

Status: This is the original version (as it was originally enacted).

- (6) For purposes of this paragraph the part of an allowance referable to any part of a trade or to any activities of a trade shall be determined, in relation to an event occurring at any time, by taking the amount of the allowance (as if on the company ceasing at that time to possess the trade as a source of income) and by apportioning that amount between that part or those activities of the trade and the remainder, according to the proportions in which the taxed income of the company from the trade is attributable thereto during the period of three years ending with that event (or any less period during which the company has carried on the trade), or, if there is no such taxed income, then by apportioning it in such other manner as may in the circumstances be just; but for determining the part of the allowance which is attached to a trade after that event the amount of the allowance shall be taken without regard to paragraph (b) of or the proviso to subsection (2) of the principal section.
- (7) Where under this paragraph a company becomes disentitled to an allowance or part of an allowance after the allowance or that part of it has been given to it or to another company, the allowance or part so given shall be withdrawn to the extent necessary to give effect to this paragraph.
- (8) For purposes of this paragraph, a company is to be treated as another's " associated company " at a given time if at that time, or at any time within one year before or two years afterwards, one of the two has control of the other or both are under the control of the same person or persons (" control" having for this purpose the same meaning as in Schedule 18 to this Act).