



# Finance Act 1965

## 1965 CHAPTER 25

### PART IV

#### TAXATION OF COMPANIES AND OF COMPANY DISTRIBUTIONS.

##### *Close companies.*

- 76 Assessment of close companies on consideration for certain restrictive covenants etc.**
- (1) Where, in respect of any payment made or consideration given by a company after the year 1965-66, any sum falls by virtue of section 242 of the Income Tax Act 1952 (charge of surtax on consideration for certain restrictive covenants etc.) to be included in an individual's total income for purposes of surtax, and at the time when the payment is made or the consideration is given the company is a close company and the individual is a participator in the company or an associate of a participator, there shall be assessed on and recoverable from the company, as if it were an amount of income tax chargeable on the company, an amount equal to income tax on the sum falling to be included in the individual's income as aforesaid, at the standard rate for the year of assessment in which the payment is made or consideration is given.
- (2) Where subsection (1) above would apply to any payment or consideration if the condition that the company is a close company and the individual a participator in it or an associate of a participator were satisfied at the time when the payment is made or the consideration is given, the subsection shall apply if either—
- (a) at that time the individual holds or is about to hold an office or employment with the company and the condition is satisfied within two years afterwards ;  
or
  - (b) at that time the individual holds or has held an office or employment with the company and the condition has been satisfied within two years previously.