Status: *This is the original version (as it was originally enacted).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

SCHEDULES.

SCHEDULE 5

AMENDMENTS OF CORPORATION TAX ACTS.

Close companies: meaning of " associate ".

18 (1) Paragraph 5(c) of Schedule 18 to the Finance Act 1965 (associate of participator to include, where the participator is interested in shares or obligations of the company subject to any trust, any other person interested) shall not apply so as to make an individual an associate as being entitled or eligible to benefit under the trust—

(a) if the trust relates exclusively to a fund or scheme approved under section 379 or section 388 of the Income Tax Act 1952 (superannuation funds and retirement schemes) or to a scheme the whole of which is an " excepted provident fund or staff assurance scheme or other similar scheme " as defined in section 390 of that Act, or

(b) if the trust is exclusively for the benefit of the employees, or the employees and directors, of the company or their dependants (and not wholly or mainly for the benefit of directors or their relatives), and the individual in question is not in receipt of remuneration from the company of more than £4,000 per annum and is not (and could not as a result of the operation of the trust become) either on his own or with his relatives the beneficial owner of more than 5 per cent. of the ordinary share capital of the company.

(2) In applying sub-paragraph (1)(b) above any charitable trusts which may arise on the failure or determination of other trusts shall be disregarded.

(3) In this paragraph—

" director " has the same meaning as in Schedule 18 to the Finance Act 1965,

" ordinary share capital " has the same meaning as in paragraph 6(2) of the said Schedule 18,

" relative " means husband or wife, parent or remoter forebear, child or remoter issue, or brother or sister, and

" remuneration " shall be construed in accordance with section 71 of the Finance Act 1948 (remuneration for profits tax purposes), references to the individual and to this paragraph being substituted for references to a director, and to paragraph 11 of Schedule 4 to the Finance Act 1937, but applying that definition to any office held by the individual as director of the company, as well as to any employment.