

SCHEDULES

SCHEDULE 16

Section 45.

SPECIAL CHARGE: CLOSE COMPANIES

Special apportionments

- 1 Subject to paragraph 2 below—
- (a) any apportionment under Part IV of this Act of the income of a close company shall be made according to the respective interests of the participators in that company,
 - (b) any sub-apportionment under Part IV of this Act of income of one close company apportioned to another close company shall be made according to the respective interests of the participators in that other company.
- 2 (1) In the case of any company—
- (a) the provisos to section 258(3) of the Income Tax Act 1952 (beneficial interests in loans),
 - (b) section 259(1) of that Act (interests which would arise in a winding up), and
 - (c) section 260 of that Act, without subsection (5) (further provisions as to underlying interests),
- shall apply as they applied, in the case of an investment company, to apportionments for surtax under Chapter III of Part IX of that Act (a reference to a participator being substituted for any reference to a member or loan creditor).
- (2) For the purposes of sub-paragraph (1) above, a loan creditor shall be deemed to have an interest in any company which is an investment company to the extent that the income to be apportioned or assets representing it is or have been expended or applied, or is or are available to be expended or applied, in redemption or repayment or discharge of the loan capital or debt (including any premium thereon) in respect of which he is a loan creditor.
- In this sub-paragraph " investment company " means a company whose income consists wholly or mainly of investment income, construing " investment income " in accordance with paragraph 8(1) of Schedule 18 to the Finance Act 1965.
- 3 (1) Notice of any apportionment (including any sub-apportionment) of the income of a close company under Part IV of this Act shall be given by serving on the company a statement showing the amount of the income of the company up to the required standard for the purposes of the apportionment, and either the amount apportioned to each participator or the amount apportioned to each class of shares, as the Board think fit.
- (2) A company which is aggrieved by any such notice of apportionment shall be entitled to appeal to the Special Commissioners on giving notice to an officer of the Board within thirty days after the date of the notice.

Status: This is the original version (as it was originally enacted).

Recovery of special charge from company

- 4 (1) This paragraph has effect where the special charge falls to be made in respect of an individual's investment income and that income includes any amount—
- (a) treated as part of his total income for surtax in consequence of an apportionment (with any sub-apportionment) of the income of a company under section 78 of the Finance Act 1965, or
 - (b) treated as part of his investment income in consequence of an apportionment (with any sub-apportionment) of the income of a close company under Part IV of this Act,
- and in this paragraph " the apportioned income " means any amount falling within paragraph (a) or (b) above.
- (2) If at the expiration of thirty days from the time when the special charge became due, any part of it remains unpaid, the Board may by notice in writing addressed to the company require the company to pay what then remained unpaid up to the following limit.
- (3) The said limit is the fraction of the special charge falling to be made in respect of the individual's aggregate investment income of which—
- (a) the numerator is the apportioned income, and
 - (b) the denominator is the individual's aggregate investment income, ascertained before making any deduction under section 42(7) of this Act.
- (4) Where credit for foreign tax falls to be allowed against the special charge, the said limit shall be ascertained by applying the fraction in sub-paragraph (3) above to the special charge without allowing the credit against the amount of the special charge.
- (5) Any sum required to be paid by a company in pursuance of the notice shall be payable on the day next following the giving of the notice, and the provisions of Part IV of this Act shall apply as if that amount had been assessed on the company.