



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 10

#### CLOSE COMPANIES

### CHAPTER 2

#### BASIC DEFINITIONS

*Meaning of “close company”: general*

**439 “Close company”**

- (1) For the purposes of the Corporation Tax Acts, a “close company” is a company in relation to which condition A or B is met.
- (2) Condition A is that the company is under the control—
  - (a) of 5 or fewer participators, or
  - (b) of participators who are directors.
- (3) Condition B is that 5 or fewer participators, or participators who are directors, together possess or are entitled to acquire—
  - (a) such rights as would, in the event of the winding up of the company (“the relevant company”) on the basis set out in section 440, entitle them to receive the greater part of the assets of the relevant company which would then be available for distribution among the participators, or
  - (b) such rights as would, in that event, so entitle them if there were disregarded any rights which any of them or any other person has as a loan creditor (in relation to the relevant company or any other company).
- (4) For exceptions to this section, see sections 442 to 447 (companies which are not to be close companies).

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**Changes to legislation:** There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 439. (See end of Document for details)

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- (5) Section 451 (section 450: rights to be attributed etc) applies for the purposes of subsection (3) and section 440 as it applies for the purposes of section 450.
- (6) See also section 441 (treatment of some persons as participators or directors for the purposes of subsection (3)).
- (7) For the meaning of—
  - (a) “control”, see sections 450 and 451,
  - (b) “director”, see section 452, and
  - (c) “loan creditor”, see section 453.

**Changes to legislation:**

There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 439.