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## SCHEDULES.

### TENTH SCHEDULE

Sections 49 & 60.

#### SPECIAL PROVISIONS AS TO WORKING DIRECTORS.

- 1 Where on an application in that behalf it is shown to the satisfaction of the Special Commissioners as respects any individual that during a period (hereinafter referred to as " the relevant period ") being or comprised in the year 1947-48 he was a working director of a company which during the relevant period was a private company and was not an investment company, the following provisions shall have effect.
- 2
  - (1) Where investment income of his for the year 1947-48 consisted of income from share capital of the company, his income from such share capital shall not be treated as investment income except in so far as it exceeds the standard amount specified in the next following sub-paragraph reduced by the amount of his emoluments from the company as a working director for the relevant period, being emoluments which fall to be included in his total income for the year 1947-48.
  - (2) The standard amount hereinbefore referred to is the amount applicable under head (a) of this sub-paragraph or the amount applicable under head (b) thereof, whichever is the greater, that is to say—
    - (a) two thousand pounds, or that amount reduced, where the relevant period was less than a year, in the proportion which the relevant period bears to a year ;
    - (b) fifteen thousand pounds, or that amount reduced as aforesaid, or fifteen per cent. of the profits of the company for the relevant period, whichever is the less, divided by the number of persons who during the relevant period were working directors of the company.
  - (3) If head (b) of the last foregoing sub-paragraph has effect and the number of the working directors of the company changed during the relevant period, that sub-paragraph shall apply as if each period during which that number was constant were a separate relevant period.
- 3 An application under paragraph 1 of this Schedule may be made either before or after an assessment to contribution has been made, but shall not be made later than the thirty-first day of December, nineteen hundred and fifty.
- 4
  - (1) Effect shall be given to any adjustment of investment income required by paragraph 2 of this Schedule either by discharge or reduction of the assessment in question, or by repayment of contribution to the persons by whom it was paid or from whom it was recovered, or by all or any of those means, as the case may require.
  - (2) Where contribution is repaid under this Schedule, there shall also be repaid any interest paid in respect of that contribution.
  - (3) Where under this Schedule repayment is made of any contribution the whole or any part of which was discharged by payment in advance, the amount of the repayment shall be calculated as if the payment in advance had been made in respect of the

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contribution as adjusted under this Schedule and as if the interest referred to in subsection (2) of section fifty-four of this Act had been calculated accordingly.

- 5 (1) In this Schedule the following expressions have the meanings hereby assigned to them respectively, that is to say:—

" company " means a company within the meaning of the Companies Act, 1929, or the Companies Act (Northern Ireland), 1932;

" director " includes any person occupying the position of director by whatever name called, and any person in accordance with whose directions or instructions the directors of a company are accustomed to act;

" investment company " has the same meaning as in section twenty of the Finance Act, 1936 ;

" private company " means a private company within the meaning of the said Act of 1929 or the said Act of 1932, being a company the directors whereof had a controlling interest therein, so however that for the purposes of this definition no body corporate shall be treated as a director unless it was during the relevant period itself a company the directors whereof had a controlling interest therein ;

" working director ", in relation to a company, means any director thereof who during the period in question worked full time in the actual management or conduct of the trade or business of the company.

- (2) Where during a period being or comprised in the year 1947-48 an individual was a director of two or more private companies which, within the meaning of section eighteen of the Companies Act, 1947, either were a holding company and one or more subsidiary companies thereof or were subsidiary companies of the same holding company, and during that period he worked full time in the actual management or conduct of the trades or businesses of the companies taken together, he shall be treated as a working director of such one of the companies as he selects and the provisions of this Schedule shall apply accordingly but subject to the following modifications :—

- (a) the aggregate of his emoluments from all the companies as a director for the said period, being emoluments which fall to be included in his total income for the year 1947-48, shall be treated for the purposes of sub-paragraph (1) of paragraph 2 of this Schedule as if they were emoluments from the company of which he is to be treated as a working director ;
- (b) he may require that investment income from share capital of all the companies shall be treated as if it were investment income from share capital of the said company:

Provided that nothing in this sub-paragraph shall affect the operation of this Schedule in relation to a director who would be a working director apart from this sub-paragraph.

- (3) For the purposes of this Schedule, the profits of a company shall be taken to be the profits as computed, without abatement and including franked investment income, for the purposes of the profits tax, except that—
- (a) no deduction shall be made in respect of the remuneration of working directors; and
  - (b) all remuneration of other directors shall be deducted.
- (4) Where the relevant period comprises one or more accounting periods or parts of accounting periods of the company for the purposes of the profits tax, the profits

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of the company for the relevant period shall be ascertained in accordance with the last foregoing sub-paragraph by aggregating the profits for the said periods or parts of periods; and for the purposes of this sub-paragraph the profits for part of an accounting period shall be ascertained by apportioning the profits for the whole period according to the number of months and fractions of months in the said part of the period and in the remainder thereof.