



Finance Act 1951

1951 CHAPTER 43

PART III

PROFITS TAX

30 Increase, in certain cases, of deductions allowable for directors' remuneration

The following paragraph shall, as respects chargeable accounting periods ending after the end of the year nineteen hundred and fifty, be substituted for paragraph 11 of the Fourth Schedule to the Finance Act, 1937—

“11 (1) In the case of a trade or business carried on in a chargeable accounting period by a company the directors whereof have a controlling interest therein, the deduction to be allowed in respect of the remuneration of the directors other than whole-time service directors shall not exceed whichever is the greatest of the following amounts, that is to say—

- (a) fifteen per cent. of the profits arising from the trade or business in that period (computed before making any deduction in respect of the remuneration of the directors other than whole-time service directors); or
- (b) two thousand five hundred pounds ; or
- (c) where, for more than half that period, there are two or more directors to whom sub-paragraph (2) of this paragraph applies, the amount specified in that sub-paragraph,

so, however, that in no case shall the deduction exceed fifteen thousand pounds.

(2) The directors to whom this sub-paragraph applies are any directors who are required to devote substantially the whole of their time to the service of the company in a managerial or technical capacity and are not whole-time service directors, and the amount referred to in paragraph (c) of sub-paragraph (1) of this paragraph is three thousand five hundred pounds, increased where, for more than half the chargeable accounting period, there are more than two directors to whom this sub-paragraph applies by—

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- (a) one thousand pounds ; or
- (b) the aggregate remuneration for the chargeable accounting period of all but two of the directors to whom this sub-paragraph applies, the directors whose remuneration is taken into account being those whose remuneration for the chargeable accounting period is the smallest,

whichever is the less:

Provided that—

- (i) in no case shall the amount referred to in paragraph (c) of sub-paragraph (1) of this paragraph exceed the aggregate remuneration for the chargeable accounting period of all the directors to whom this sub-paragraph applies ; and
 - (ii) in applying the preceding provisions of this sub-paragraph (including the preceding provisions of this proviso), the amount by which the remuneration of any director for the chargeable accounting period exceeds two thousand five hundred pounds shall be left out of account.
- (3) In relation to a chargeable accounting period of less than twelve months, the references in the preceding provisions of this paragraph to two "thousand five hundred pounds, fifteen thousand pounds, three thousand five hundred pounds and one thousand pounds shall be construed as references to amounts which bear to those amounts respectively the same proportion as the length of the period bears to twelve months."