

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1940, Paragraph 5. (See end of Document for details)

SCHEDULE 5

PROVISIONS AS TO EXCESS PROFITS TAX AND NATIONAL DEFENCE CONTRIBUTION IN THE CASE OF INTERCONNECTED COMPANIES

Modifications etc. (not altering text)

- C1 The text of Part III (ss. 26–42) and Schs. 5 and 6 is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and, except as specified, does not reflect any amendments or repeals which may have been made prior to 1.2.1991.
- C1 Sch. 5 extended by Finance (No. 2) Act 1940 (c. 48), s. 13(3)
- C1 Sch. 5 amended by Finance Act 1941 (c. 30), s. 42, Sch. 4 paras. 6(1)(2)
- C1 Sch. 5 excluded by Finance Act 1941 (c. 30), s. 42, Sch. 4 para. 1 and by Finance Act 1945 (c. 24), s. 5(3)
- C1 Sch. 5 applied by Finance (No. 2) Act 1945 (c. 13), s. 49, Sch. 6 para. 5

PART III

ASCERTAINMENT OF STANDARD PROFITS OF MEMBERS AND ASCERTAINMENT OF EXCESSES AND DEFICIENCIES OF PROFITS

- 5 (1) If in the case of the trade or business of a body corporate there is a loss in any chargeable accounting period, and in that period the body corporate is a member of a group of companies, there shall, for the purposes of determining whether there is an excess or deficiency of profits, be deemed to be a profit of a negative amount equal to the loss.
- (2) If in the case of any member of the group of companies the average amount of the gross capital employed in the trade or business of the member in any period is less than the deductions from capital allowable in that period, the average amount of the capital employed in that period shall be taken to be a negative amount equal to the difference.

In this sub-paragraph the expression “gross capital” means the capital computed without making the deductions specified in Part II of the Seventh Schedule to the Finance (No.2) Act, 1939, and the expression “deductions from capital” means the deductions so specified.

- (3) In determining in the case of any member of a group of companies—
- (a) what was the amount of any increase or decrease in capital ; and
 - (b) what adjustment of the standard profits is to be made by reason of any increase or decrease in capital ; and
 - (c) whether there is any and if so what excess or deficiency of profits, the following rules shall be applied—
 - (i) a negative amount shall be deemed to exceed a greater negative amount, and to fall short of a less negative amount, by the amount of the difference ; and
 - (ii) a positive amount shall be deemed to exceed a negative amount to fall short of a positive amount, by the amount which would be the sum of those amounts if they were both positive ; and

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- (iii) so much of subsection (1) of section fifteen of the Finance (No.2) Act, 1939, as relates to the computation of deficiencies where a loss has been made shall not have effect.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1940, Paragraph 5.