

1978 No. 1454

COUNTER-INFLATION

The Counter-Inflation (Dividends) (Amendment) Order 1978

Made - - - - - 9th October 1978

Laid before Parliament 10th October 1978

Coming into Operation 11th October 1978

The Treasury, in exercise of the powers conferred on them by Section 10(a) of, and paragraph 1(1), (4) and (6) of Schedule 3 to, the Counter-Inflation Act 1973(b) and of all other powers enabling them in that behalf, hereby make the following Order:—

1.—(1) This Order may be cited as the Counter-Inflation (Dividends) (Amendment) Order 1978 and shall come into operation on 11th October 1978.

(2) The Interpretation Act 1889(c) shall apply for the interpretation of this Order as it applies for the interpretation of an Act of Parliament.

2. The Counter-Inflation (Dividends) Order 1973(d), as amended(e) (hereinafter referred to as “the principal Order”) is hereby further amended by the insertion in paragraph (2) of Article 2, immediately below the words “In this Order —”, of the following:—

“debtenture” includes debtenture stock, loan stock, bonds and any document creating or acknowledging a debt whether constituting a charge on the assets of the company or not;’

3. Article 4 of the principal Order is hereby further amended by the insertion, next after paragraph (5), of the following paragraphs:—

“(6) In its application to declarations of ordinary dividends made on or after 11th October 1978 paragraph (1) above shall have effect as if it required there to be deducted from the total amount of ordinary dividends which a company could, but for this paragraph, lawfully declare thereunder for any financial year of the company (without the consent in writing of the Treasury)—

(a) the total amount of any dividends or interest declared or payable by the company for that year, being dividends or interest falling within paragraph (7) below; and

(b) the total amount of any interest payable by the company in that year in respect of debtentures issued on or after 11th October 1978 to, or for the benefit of, holders of ordinary shares of the company

(a) Section 10 continued in force to 31st July 1976 by S.I. 1976/228, to 31st July 1977 by S.I. 1976/1161 to 31st July 1978 by S.I. 1977/1302 and to 31st July 1979 by section 1 of the Dividends Act 1978 (1978 c.54).

(b) 1973 c.9. (c) 1889 c.63.

(d) S.I. 1973/659.

(e) S.I. 1973/1801; 1974/1223; 1975/615, 1081, 1674.

otherwise than in consideration of a payment in money, or for a money consideration less than the market value of the debentures.

(7) This paragraph applies to any interest or dividend payable in cash which—

(a) is not an ordinary dividend or a capital dividend; and

(b) is payable in respect of such shares of the company, being shares of a class other than ordinary shares, as were issued on or after 11th October 1978 to, or for the benefit of, holders of ordinary shares of the company otherwise than in consideration of a payment in money, or at a price less than their market value.

(8) Paragraph (4) above shall apply to dividends or interest falling within paragraph (7) above as it applies to ordinary dividends.”.

T. E. Graham,

A. W. Stallard,

Two of the Lords Commissioners
of Her Majesty's Treasury.

9th October 1978.

EXPLANATORY NOTE

(This Note is not part of the Order.)

This Order amends the Counter-Inflation (Dividends) Order 1973 by providing that the maximum amount of ordinary dividends which a company has hitherto been permitted to declare for a financial year of the company without Treasury consent shall, as respects declarations made after the commencement of this Order, be reduced by the amount of any dividends, other than ordinary or capital dividends, declared or payable by the company for that year, and which are payable on certain shares of the company. The maximum amount is also reduced by the amount of any interest payable in that year on certain debentures of the company. The shares or debentures in question are those which are issued after the commencement of this Order to or for the benefit of holders of ordinary shares of the company and otherwise than for a payment in money or for a consideration less than their market value.