

SCHEDULES

SCHEDULE 16

SPECIAL CHARGE: CLOSE COMPANIES

Special apportionments

- 1 Subject to paragraph 2 below—
- (a) any apportionment under Part IV of this Act of the income of a close company shall be made according to the respective interests of the participators in that company,
 - (b) any sub-apportionment under Part IV of this Act of income of one close company apportioned to another close company shall be made according to the respective interests of the participators in that other company.
- 2 (1) In the case of any company—
- (a) the provisos to section 258(3) of the Income Tax Act 1952 (beneficial interests in loans),
 - (b) section 259(1) of that Act (interests which would arise in a winding up), and
 - (c) section 260 of that Act, without subsection (5) (further provisions as to underlying interests),
- shall apply as they applied, in the case of an investment company, to apportionments for surtax under Chapter III of Part IX of that Act (a reference to a participator being substituted for any reference to a member or loan creditor).
- (2) For the purposes of sub-paragraph (1) above, a loan creditor shall be deemed to have an interest in any company which is an investment company to the extent that the income to be apportioned or assets representing it is or have been expended or applied, or is or are available to be expended or applied, in redemption or repayment or discharge of the loan capital or debt (including any premium thereon) in respect of which he is a loan creditor.
- In this sub-paragraph " investment company " means a company whose income consists wholly or mainly of investment income, construing " investment income " in accordance with paragraph 8(1) of Schedule 18 to the Finance Act 1965.
- 3 (1) Notice of any apportionment (including any sub-apportionment) of the income of a close company under Part IV of this Act shall be given by serving on the company a statement showing the amount of the income of the company up to the required standard for the purposes of the apportionment, and either the amount apportioned to each participator or the amount apportioned to each class of shares, as the Board think fit.
- (2) A company which is aggrieved by any such notice of apportionment shall be entitled to appeal to the Special Commissioners on giving notice to an officer of the Board within thirty days after the date of the notice.