

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1974, Cross Heading: Close companies. (See end of Document for details)

SCHEDULES

[^{F1}SCHEDULE 7

TREATMENT OF DEVELOPMENT GAINS UNDER THE TAX ACTS

Textual Amendments

- F1** *Sch. 7 repealed by Finance Act 1985 (c. 54, SIF 63:1), s. 98(6) and Sch. 27 Part X in relation to disposals of interests in land taking place on or after 19 March Finance Act 1985 (c. 54, SIF 63:1), but without affecting the construction of 1979 (C) Sch. 5 para. 9 (5)*

Close companies

- 4 (1) *Paragraph 3(1) above shall not apply in the case of a close company as regards an accounting period for which the income of the company may under paragraph 1 of Schedule 16 to the Finance Act 1972 be apportioned among the participators or could be so apportioned apart from sub-paragraphs (2) and (3) of that paragraph; and accordingly section 85(6) of the Finance Act 1972 shall, in the case of a close company, have effect as regards any such accounting period as if the said paragraph 3(1) had not been enacted.*
- (2) *For the purposes of paragraph 11(1) of Schedule 16 to the Finance Act 1972 (close companies: definition of trading company) a development gain accruing to a company shall not be investment income.*
- 5 *In paragraph 10(8) of Schedule 16 to the Finance Act 1972 (order in which different descriptions of company's income are to be treated as reduced by allowable deductions)—*
- (a) *in paragraph (b), for the word “and” there shall be substituted the words “other than estate or trading income attributable to development gains”;*
 - (b) *in paragraph (c), for the words “chargeable gains” there shall be substituted the words “development gains; and”;*
 - (c) *after paragraph (c) there shall be inserted as paragraph (d)—*
 - “(d) *fourthly, so far as it cannot be made under (a), (b) or (c) above, from the amount included in the company's profits in respect of chargeable gains.*”

Modifications etc. (not altering text)

- C1** *The text of ss. 50, 54(1)(2), 56, Sch. 7 paras. 5(c), 6, 7(3), 8, 9(3)(a)(c)(4), Sch. 14 Pts. I–IV, VI, VII is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991.*

- 6 *After paragraph 14 of Schedule 16 to the Finance Act 1972 there shall be inserted the following paragraph—*

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- “14A (1) For the purposes of paragraph 14 above any part of a company’s distributable income which is attributable to development gains to which this paragraph applies shall be treated as not affected by any such restriction as is mentioned in sub-paragraph (1) of that paragraph, and the amount which would otherwise be disregarded under that sub-paragraph shall accordingly be reduced by an amount equal to that part.
- (2) This paragraph applies to any development gain accruing in respect of a disposal which is by virtue of section 45(1) of the Finance Act 1974 or paragraph 2(3) of Schedule 9 to that Act deemed to have been made.
- (3) Any deduction which under paragraph 10(8)(c) above is treated as made from the amount included in a company’s profits in respect of development gains shall for the purposes of this paragraph be treated as made first from any amount so included in respect of development gains to which this paragraph applies.
- (4) For the purposes of this paragraph the part, if any, of a company’s distributable income which is attributable to development gains to which this paragraph applies is the part attributable to such development gains after the making of any deduction under paragraph 10(8)(c) above in accordance with sub-paragraph (3) of this paragraph”]

Modifications etc. (not altering text)

- C2** The text of ss. 50, 54(1)(2), 56, Sch. 7 paras. 5(c), 6, 7(3), 8, 9(3)(a)(c)(4), Sch.14 Pts. I–IV, VI, VII is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991.

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