

SCHEDULES

SCHEDULE 19

APPORTIONMENT OF INCOME OF CLOSE COMPANIES

PART I

DETERMINATION OF RELEVANT INCOME AND DISTRIBUTIONS

Maximum amount of relevant income

- 2 (1) Subject to paragraphs 10 and 12 below, the relevant income of a company shall in no case be taken to exceed the company's distributable investment income for the accounting period plus 50 per cent. of the estate or trading income for the period.
- (2) In the application of sub-paragraph (1) above to a company which is a trading company or a member of a trading group, the trading income shall be disregarded; and in the application of that sub-paragraph to a trading company, the estate income—
- (a) if it is less than the appropriate fraction of the relevant maximum amount, shall be treated as reduced by one-half of the amount required to make it up to that fraction of the relevant maximum amount; or
 - (b) if it is less than the appropriate fraction of the relevant minimum amount, shall be disregarded;

and in this sub-paragraph the appropriate fraction is—

$$\frac{A}{A + B}$$

where—

A is the amount of the estate income, and
B is the amount of the trading income.

- (3) The relevant maximum and minimum amounts referred to above shall be determined as follows—
- (a) where the company has no associated company in the accounting period, those amounts are £75,000 and £25,000 respectively;
 - (b) where the company has one or more associated companies in the accounting period—

(i) the relevant maximum amount is—

$$\frac{£75,000}{1 + X}$$

(ii) the relevant minimum amount is—

Status: This is the original version (as it was originally enacted).

$\frac{\pounds 25,000}{1 + X}$

$1 + X$

where X is the number of those associated companies.

- (4) In applying sub-paragraphs (2) and (3) above to any accounting period of a trading company, an associated company shall be disregarded if—
- (a) it was not a trading company, or has not carried on any trade, at any time in that accounting period; or
 - (b) where it was an associated company during part only of that accounting period, it was not a trading company, or has not carried on any trade, at any time in that part of that accounting period;
- and for the purposes of this paragraph a company is to be treated as an associated company of another at a given time if at that time one of the two has control of the other or both are under the control of the same person or persons.
- (5) In determining how many associated companies a trading company has in an accounting period or whether a trading company has an associated company in an accounting period, an associated company shall be counted even if it was an associated company for part only of the accounting period, and two or more associated companies shall be counted even if they were associated companies for different parts of the accounting period.
- (6) For an accounting period of less than 12 months the relevant maximum and minimum amounts determined in accordance with sub-paragraphs (1) to (5) above shall be proportionately reduced.