
*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1989,
Cross Heading: The Income and Corporation Taxes Act 1988 (c.1). (See end of Document for details)*

SCHEDULES

SCHEDULE 12

CLOSE COMPANIES

PART II

AMENDMENTS CONNECTED WITH REPEAL OF CHAPTER III OF PART XI OF TAXES ACT 1988

The Income and Corporation Taxes Act 1988 (c.1)

- 7 In section 13 of the Taxes Act 1988 (small companies' rate) in subsection(9) for the words "paragraph 17 of Schedule 19" there shall be substituted the words "paragraphs 2 to 4 of Schedule 12 to the Finance Act 1989".

F18

Textual Amendments

- F1** Sch. 12 para. 8 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

- 9 (1) In section 187(3) of the Taxes Act 1988 (cases in which a person has a material interest in a company for the purposes of sections 185 to 187 of, and Schedules 9 and 10 to, that Act) for the words from "in a company" to the end of paragraph (b) there shall be substituted—

"in a company if he, either on his own or with one or more associates, or if any associate of his with or without such other associates,—

- (a) is the beneficial owner of, or able, directly or through the medium of other companies, or by any other indirect means to control, more than 25 percent., or in the case of a share option scheme which is not a savings-related share option scheme more than 10 per cent., of the ordinary share capital of the company, or
- (b) where the company is a close company, possesses, or is entitled to acquire, such rights as would, in the event of the winding-up of the company or in any other circumstances, give an entitlement to receive more than 25 percent., or in the case of a share option scheme which is not a savings-related share option scheme more than 10 per cent., of the assets which would then be available for distribution among the participators." and at the end there shall be added the words " and "participator" has the meaning given by section 417(1) "

- (2) This paragraph shall have effect in relation to accounting periods beginning after 31st March 1989.

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- 10 (1) In section 214 of the Taxes Act 1988 (chargeable payments connected with exempt distributions) in subsection (1)(c) for the words from “338(2)(a)” to “Schedule 19” there shall be substituted the words “and 338(2)(a)”.
- (2) This paragraph shall have effect in relation to accounting periods beginning after 31st March 1989, except in any case where section 427(4) of the Taxes Act 1988 has effect by virtue of section 103(2) of this Act.

F211

Textual Amendments

F2 Sch. 12 paras. 11, 12 repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

F212

Textual Amendments

F2 Sch. 12 paras. 11, 12 repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

- 13 F3(1)
- F3(2)
- F3(3)

- (4) This paragraph shall have effect in relation to accounting periods beginning after 31st March 1989.

Textual Amendments

F3 Sch. 12 para. 13(1)-(3) repealed (6.4.2007) by Income Tax Act 2007 (c. 3), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

- 14 (1) In section 576 of the Taxes Act 1988 (which relates to relief for losses on certain unquoted shares) in subsection (5), for paragraph (a) of the definition of “trading company” there shall be substituted—
 - “(a) a company whose business consists wholly or mainly of the carrying on of a trade or trades”.
- (2) This paragraph shall have effect in relation to disposals made after 31st March 1989.

F415

Textual Amendments

F4 Sch. 12 para. 15 repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3** (with Sch. 36)

F516

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Textual Amendments

F5 Sch. 12 para. 16 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

^{F6}17

Textual Amendments

F6 Sch. 12 para. 17 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

18 (1) Paragraph 7 of Schedule 8 to the Taxes Act 1988 (cases in which a person has a material interest in a company for the purposes of a profit-related pay scheme) shall be amended in accordance with this paragraph.

(2) In sub-paragraph (2) for the words from “in a company” onwards there shall be substituted—

“in a company if he, either on his own or with one or more associates, or if any associate of his with or without such other associates,—

- (a) is the beneficial owner of, or able, directly or through the medium of other companies, or by any other indirect means to control, more than 25 percent. of the ordinary share capital of the company, or
- (b) in the case of a close company, possesses, or is entitled to acquire, such rights as would, in the event of the winding-up of the company or in any other circumstances, give an entitlement to receive more than 25 per cent. of the assets which would then be available for distribution among the participators”.

(3) In sub-paragraph (3) the second “and” shall be omitted and after the definition of “control” there shall be inserted “and

“participator” has the meaning given by section 417(1)”.

(4) This paragraph shall have effect in relation to accounting periods beginning after 31st March 1989.

Changes to legislation:

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