

*Status: Point in time view as at 01/04/2010.*

*Changes to legislation: There are currently no known outstanding effects for the Commonwealth Development Corporation Act 1999, SCHEDULE 3. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 3

Section 20.

#### TAX

##### *The exempt period*

- 1 (1) The exempt period for the purposes of this Schedule shall begin with a day appointed by the Secretary of State by order made by statutory instrument.
- (2) If—
- (a) an order is made under section 18(5) as a result of which section 18(1)(b) ceases to have effect, and
  - (b) the Crown ceases on any day to hold any special share provided for under the Corporation's articles of association,
- the exempt period for the purposes of this Schedule shall end with that day.

##### **Modifications etc. (not altering text)**

C1 Sch. 3 para. 1(1): 1.5.2003 appointed for beginning of exempt period by S.I. 2003/1282, art. 2

##### *Exemption from tax*

- 2 (1) The Corporation shall not be chargeable to corporation tax on profits arising during the exempt period.
- (2) The Corporation shall not have a liability to tax by virtue of section 747(4)(a) of the Income and Corporation Taxes Act 1988 (controlled foreign companies) in respect of profits arising during the exempt period.

##### *Residence for tax purposes*

- 3 (1) Sub-paragraph (2) shall apply if—
- (a) the exempt period ends, and
  - (b) at that time the Corporation would be regarded for the purposes of the <sup>M1</sup>Taxes Acts as resident in the United Kingdom by virtue only of section 66 of the Finance Act 1988 (company incorporated in UK).
- (2) That section shall not apply in relation to the Corporation at any time during the period beginning with the end of the exempt period and ending in accordance with sub-paragraph (3).
- (3) The period shall end—
- (a) with the seventh anniversary of the final day of the exempt period, or

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- (b) if earlier, at any time when the Corporation comes to be regarded for the purposes of the Taxes Acts as resident in the United Kingdom (otherwise than by virtue of section 66).
- (4) The following provisions shall not apply where the <sup>M2</sup>Corporation ceases to be resident in the United Kingdom by virtue of sub-paragraph (2)—
- (a) section 179 of the Taxation of Chargeable Gains Act 1992 (company ceasing to be member of group);
- (b) section 185 of that Act (deemed disposal of assets when company ceases to be resident in UK).
- (5) In this paragraph “the Taxes Acts” has the same meaning as in the <sup>M3</sup>Taxes Management Act 1970.

#### Marginal Citations

- M1** 1988 c. 39.  
**M2** 1992 c. 12.  
**M3** 1970 c. 9.

#### *Groups of companies, &c.*

- 4 (1) The Corporation cannot be a member of a group of companies for the purposes of Chapter I of Part VI of the Taxation of Chargeable Gains Act 1992 (groups of companies) at any time during the exempt period.
- (2) Where a company ceases to be a member of a group of companies by virtue of sub-paragraph (1), section 179 of that Act shall not apply.
- 5 (1) The Corporation cannot be a member of a group of companies for the purposes of Chapter IV of Part X of the <sup>M4</sup>Income and Corporation Taxes Act 1988 (group relief) at any time during the exempt period.
- (2) The Corporation cannot be a surrendering company for the purposes of a consortium claim within the meaning of section 402(3) of that Act.

#### Marginal Citations

- M4** 1988 c. 1.

#### *Distributions*

- 6 (1) This paragraph applies where the Corporation makes a distribution during the exempt period.
- (2) The following provisions shall not apply in relation to the distribution—
- (a) [<sup>F1</sup>section 1285 of the Corporation Tax Act 2009] (exemption from corporation tax);
- (b) [<sup>F2</sup>section 1109 of the Corporation Tax Act 2010 (tax credits for certain recipients of exempt qualifying distributions)] [<sup>F3</sup>or section 397 of the Income Tax (Trading and Other Income) Act 2005 (tax credits for qualifying distributions: UK residents and eligible non-UK residents)] (tax credits).

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(3) The distribution shall be treated for the purposes of <sup>F4</sup>income tax as dividends of a non-UK resident company chargeable under Chapter 4 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (and accordingly as relevant foreign income for the purposes of that Act), and for the purposes of corporation tax<sup>F5</sup> as dividends of a non-UK resident company chargeable under Chapter 2 of Part 10 of the Corporation Tax Act 2009.]

<sup>F6</sup>(4) .....

(5) In this paragraph “distribution” has the same meaning as it has in the Corporation Taxes Acts by virtue of <sup>F7</sup>Chapter 2 of Part 23 of the Corporation Tax Act 2010] (company distributions).

#### Textual Amendments

- F1** Words in Sch. 3 para. 6(2)(a) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 461(2)(a)** (with Sch. 2 Pts. 1, 2)
- F2** Words in Sch. 3 para. 6(2)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 303(2)** (with Sch. 2)
- F3** Words in Sch. 3 para. 6(2)(b) inserted (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), **Sch. 1 para. 510(2)** (with Sch. 2)
- F4** Words in Sch. 3 para. 6(3) substituted (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), **Sch. 1 para. 510(3)** (with Sch. 2)
- F5** Words in Sch. 3 para. 6(3) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 461(3)** (with Sch. 2 Pts. 1, 2)
- F6** Sch. 3 para. 6(4) repealed (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), Sch. 1 para. 510(4), **Sch. 3** (with Sch. 2)
- F7** Words in Sch. 3 para. 6(5) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 303(3)** (with Sch. 2)

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