

*These notes refer to the Corporation Tax Act 2010
(c.4) which received Royal Assent on 3 March 2010*

CORPORATION TAX ACT 2010

EXPLANATORY NOTES

INTRODUCTION

Part 10: Close companies

Chapter 2: Basic definitions

Section 439: “Close company”

1328. This section is the first of a group of three sections defining “close company”. It is based on section 414(1), (2) and (2D) of ICTA.
1329. *Subsection (1)* provides that there are two alternative tests to determine whether a company is a close company.
1330. The first test, condition A in *subsection (2)*, focuses on control over the company.
1331. The second test, condition B in *subsection (3)*, focuses on rights to assets in the event that the company is wound up.
1332. *Subsection (4)* gives a signpost to the exceptions to this section in sections 442 to 447.
1333. *Subsections (5) and (6)* relate to condition B in subsection (3). Subsection (5) provides for subsection (3) to be supplemented by section 451. Subsection (6) gives a signpost to section 441, which supplements subsection (3).
1334. “Control” and “director” are used for the first time in this Part in subsection (2), and “loan creditor” is used for the first time in subsection (3). Signposts to their definitions are given in *subsection (7)*.