

SCHEDULES

SCHEDULE 14

ENTERPRISE MANAGEMENT INCENTIVES

PART III

QUALIFYING COMPANIES

The trading activities requirement

- 17 (1) The trading activities requirement in the case of a single company is that the company—
- (a) disregarding any incidental purposes, exists wholly for the purpose of carrying on one or more qualifying trades, and
 - (b) is carrying on a qualifying trade or preparing to do so.
- (2) The trading activities requirement in the case of a parent company is that—
- (a) the business of the group does not consist wholly or as to a substantial part in the carrying on of non-qualifying activities, and
 - (b) at least one group company—
 - (i) disregarding any incidental purposes, exists wholly for the purpose of carrying on one or more qualifying trades, and
 - (ii) is carrying on a qualifying trade or preparing to do so.
- (3) The business of the group means what would be the business of the group if the activities of the group companies taken together were regarded as one business.
- (4) For the purposes of determining whether a company falls within sub-paragraph (1) (a) or (2)(b)(i), the purposes for which it exists shall be disregarded to the extent that they consist in the carrying on of the following activities—
- (a) in the case of a single company, the holding and managing of property used by the company for one or more qualifying trades carried on by it, and
 - (b) in the case of a group company, any activities within sub-paragraph (5).
- (5) For the purposes of determining the business of a group, activities of a group company shall be disregarded to the extent that they consist in—
- (a) the holding of shares in or securities of, or the making of loans to, another group company; or
 - (b) the holding and managing of property used by a group company for the purposes of one or more qualifying trades carried on by a group company; or
 - (c) incidental activities of a company which meets the trading activities requirement for a single company.
- (6) In sub-paragraph (2)(a) “non-qualifying activities” means—

Status: This is the original version (as it was originally enacted).

- (a) excluded activities other than—
 - (i) the letting of ships to which paragraph 21 applies (ships other than oil rigs or pleasure craft) in circumstances where the requirements of sub-paragraph (2) of that paragraph are met; or
 - (ii) the receiving of royalties or licence fees within paragraph 22 in circumstances where the requirements mentioned in sub-paragraph (2) of that paragraph are met; or
 - (b) activities carried on otherwise than in the course of a trade.
- (7) In this paragraph—
- (a) “incidental purposes” means purposes having no significant effect (other than in relation to incidental matters) on the extent of the company’s activities; and
 - (b) “incidental activities” means activities carried on in pursuance of incidental purposes.