



Income Tax Act 2007

2007 CHAPTER 3

PART 6

VENTURE CAPITAL TRUSTS

CHAPTER 4

QUALIFYING HOLDINGS

Excluded activities

305 Excluded activities: leasing of ships

- (1) This section supplements section 303(1)(d) so far as it relates to the leasing of ships other than offshore installations or pleasure craft.
- (2) In the following provisions “ship” accordingly means a ship other than an offshore installation or a pleasure craft.
- (3) If the requirements of subsection (4) are met, a trade is not to be regarded as consisting in the carrying on of excluded activities within section 303(1)(d) as a result only of its consisting in letting ships on charter.
- (4) The requirements of this subsection are that—
 - (a) every ship let on charter by the company carrying on the trade is beneficially owned by the company,
 - (b) every ship beneficially owned by the company is registered in the United Kingdom,
 - (c) the company is solely responsible for arranging the marketing of the services of its ships, and
 - (d) the conditions mentioned in subsection (5) are met in relation to every letting on charter by the company.

Status: Point in time view as at 01/06/2023.

*Changes to legislation: There are currently no known outstanding effects
for the Income Tax Act 2007, Section 305. (See end of Document for details)*

- (5) The conditions referred to in subsection (4)(d) are—
- (a) the letting is for a period not exceeding 12 months and no provision is made at any time (whether in the charterparty or otherwise) for extending it beyond that period otherwise than at the option of the charterer,
 - (b) no provision for the grant of a new letting to end more than 12 months after the provision is made (whether in the charterparty or otherwise) is in force during the period of the letting otherwise than at the option of the charterer,
 - (c) the letting is by way of a bargain at arm's length between the company and a person who is not connected with it,
 - (d) under the terms of the charter the company is responsible as principal—
 - (i) for taking, throughout the period of the charter, management decisions in relation to the ship, other than those of a kind generally regarded by persons engaged in trade of the kind in question as matters of husbandry, and
 - (ii) for defraying all expenses in connection with the ship throughout that period, or substantially all such expenses, other than those directly incidental to a particular voyage or to the employment of the ship during that period, and
 - (e) no arrangements exist by virtue of which a person other than the company may be appointed to be responsible for the matters mentioned in paragraph (d) on behalf of the company.
- (6) If in the case of the company carrying on the trade (“the letting company”) the charterer is also a company and—
- (a) the charterer is a qualifying subsidiary of the letting company, or
 - (b) the letting company is a qualifying subsidiary of the charterer, or
 - (c) both companies are qualifying subsidiaries of a third company,
- subsection (5) has effect with the omission of paragraph (c).
- (7) If any of the requirements of subsection (4) is not met in relation to any lettings of ships, the trade is not, as a result, to be treated as consisting in the carrying on of excluded activities if—
- (a) those lettings, and
 - (b) any other excluded activities
- do not, taken together, amount to a substantial part of the trade.
- (8) In this section “pleasure craft” means any ship of a kind primarily used for sport or recreation.

Status:

Point in time view as at 01/06/2023.

Changes to legislation:

There are currently no known outstanding effects for the Income Tax Act 2007, Section 305.