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SCHEDULES.

SCHEDULE 19

SUPPLEMENTARY PROVISIONS ABOUT DIVIDEND INCREASES IN 1965-66.

Preliminary.

- 1 (1) This Schedule has effect for the modification of section 83 of this Act (" the principal section ") in relation to companies, being bodies corporate, which are members of a group of companies.
- (2) For purposes of this Schedule, save as otherwise provided therein.—
 - (a) two companies shall be deemed to be members of a group of companies if one is the subsidiary of the other or both are subsidiaries of a third company ;
 - (b) " subsidiary " has the meaning assigned to it for certain purposes of the profits tax by section 42 of the Finance Act 1938, and subsections (2) and (3) of that section shall apply as they applied for purposes of that section ;
 - (c) " dividend " does not include a capital dividend.
- (3) References in this Schedule to a company apply only to companies resident in the United Kingdom ; and in determining for purposes of this Schedule whether one company is a subsidiary of another, the other company shall be treated as not being the owner—
 - (a) of any share capital which it owns directly in a body corporate if a profit on a sale of the shares would be treated as a trading receipt of its trade ; or
 - (b) of any share capital which it owns indirectly, and which is owned directly by a body corporate for which a profit on the sale of the shares would be a trading receipt; or
 - (c) of any share capital which it owns directly or indirectly in a body corporate not resident in the United Kingdom.