



Finance Act 1965

1965 CHAPTER 25

PART IV

TAXATION OF COMPANIES AND OF COMPANY DISTRIBUTIONS.

Corporation tax.

57 Deduction of management expenses of investment companies (including savings banks).

- (1) In computing for purposes of corporation tax the total profits for any accounting period of an investment company resident in the United Kingdom there shall be deducted any sums disbursed as expenses of management (including commissions) for that period, except any such expenses as are deductible in computing income for the purpose of Case VIII of Schedule D:

Provided that—

- (a) there shall be deducted from the amount treated as expenses of management the amount of any income derived from sources not charged to tax, other than franked investment income and group income; and
 - (b) any enactment restricting the relief from income tax that might be given under section 425 of the Income Tax Act 1952 shall apply to restrict in like manner the deductions that may be made under this subsection,
- (2) Where in any accounting period of an investment company the expenses of management deductible under subsection (1) above, together with any charges on income paid in the accounting period wholly and exclusively for purposes of the company's business, exceed the amount of the profits from which they are deductible, the excess shall be carried forward to the succeeding accounting period ; and the amount so carried forward shall be treated for purposes of this section, including any further application of this subsection, as if it had been disbursed as expenses of management for that accounting period.

*Status: This is the original version (as it was originally enacted). This
item of legislation is currently only available in its original format.*

- (3) For purposes of subsections (1) and (2) above, there shall be added to a company's expenses of management in any accounting period the amount of any allowances falling to be made to the company for that period by virtue of section 72 of the Finance Act 1960, in so far as effect cannot be given to them under section 56(3) of this Act.
- (4) For purposes of this section and of other provisions of this Act relating to expenses of management " investment company " means any company whose business consists wholly or mainly in the making of investments, and the principal part of whose income is derived therefrom, but includes any savings bank or other bank for savings.
- (5) Section 425 of the Income Tax Act 1952 (relief for expenses of management) shall not have effect for corporation tax, nor for income tax for any year of assessment after the year 1965-66, except in so far as section 425(6) is applied under this Part of this Act to the computation of any income.

Accordingly in section 72(2) of the Finance Act 1960 for sub-paragraphs (i) and (ii) of paragraph (a) there shall be substituted the words " the business of an investment company (as defined in section 57 of the Finance Act 1965) or of a company carrying on the business of life assurance ".