

SCHEDULES

SCHEDULE 18

DEMERGERS

PART VII

INTERPRETATION

23 (1) In this Schedule—

"chargeable payment" has the meaning given in paragraph 13 above ;

"control" shall be construed in accordance with section 302(2) to (6) of the Taxes Act;

"distributing company " has the meaning given in paragraph 2 above ;

"exempt distribution " means a distribution which is exempt by virtue of paragraph 1 above;

"group", except in paragraph 7(2)(c), means a company which has one or more 75 per cent, subsidiaries together with that or those subsidiaries and in paragraph 7(2)(c) means a company which has one or more 51 per cent, subsidiaries together with that or those subsidiaries;

"holding company" means a company whose business (disregarding any trade carried on by it) consists wholly or mainly in the holding of shares or securities of one or more companies which are its 75 per cent, subsidiaries ;

"member ", where the reference is to a member of a company, does not, except in paragraph 13(1)(a), include a person who is a member otherwise than by virtue of holding shares forming part of the company's ordinary share capital;

"relevant company " has the meaning given in paragraph 2(2) above;

"shares " includes stock ;

"tax ", where the reference is to avoidance of tax, includes stamp duty ;

"trade " (except in sub-paragraph (3) below) does not include dealing in shares, securities, land, trades or commodity futures and "trading activities" shall be construed accordingly ;

"trading company " means a company whose business consists wholly or mainly of the carrying on of a trade or trades ;

"trading group " means a group the business of whose members, taken together, consists wholly or mainly in the carrying on of a trade or trades;

"unquoted company " means a company which does not satisfy the condition that its shares or some class thereof (disregarding debenture or loan stock, preferred shares or preferred stock) are listed in the Official List of The Exchange and are dealt in on The Stock Exchange regularly or from time to time, so however that this definition does not apply to a company under the control of (and only of) one or more companies to which this definition does not apply.

Status: This is the original version (as it was originally enacted).

- (2) In determining for the purposes of paragraphs 2 to 6 above whether a company whose shares are transferred by the distributing company is a 75 per cent, subsidiary of the distributing company there shall be disregarded any share capital of the first-mentioned company which is owned indirectly by the distributing company.
- (3) In determining for the purposes of this Schedule whether one company is a 75 per cent, subsidiary of another, the other company shall be treated as not being the owner of—
 - (a) 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) 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.
- (4) Section 533 of the Taxes Act (meaning of connected persons) applies for the purposes of this Schedule.
- (5) This Schedule, so far as it relates to income tax, shall be construed as one with the Income Tax Acts, so far as it relates to corporation tax, shall be construed as one with the Corporation Tax Acts, and, so far as it relates to capital gains tax, shall be construed as one with the Capital Gains Tax Act 1979.