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SCHEDULES

SCHEDULE 4

DUAL RESIDENT INVESTING COMPANIES

PART II

EARLY PAYMENTS OF INTEREST ETC AND CHARGES ON INCOME

Early payment of interest etc.

- 5 (1) If the conditions in sub-paragraph (2) or sub-paragraph (3) below are fulfilled and if the Board so direct, this paragraph applies in relation to a 1986 accounting period of a dual resident investing company.
- (2) The conditions in this sub-paragraph are applicable only if the company is carrying on a trade in the 1986 accounting period, and those conditions are—
- (a) that in that accounting period the company has incurred a loss, computed as for the purposes of section 177(2) of the Taxes Act, in carrying on that trade; and
 - (b) that in that period the company has made a payment falling within subsection (6)(a)(iii) of the principal section; and
 - (c) that the payment referred to in paragraph (b) above either did not fall due in that period or would not have fallen due in that period but for the making, on or after 5th December 1986, of arrangements varying the due date for payment.
- (3) The conditions in this sub-paragraph are applicable only if the company is an investment company in the 1986 accounting period, and those conditions are—
- (a) that for that accounting period the company has (apart from this paragraph) such an excess as is referred to in section 259(3) of the Taxes Act (excess of management expenses over profits); and
 - (b) that one or more of the sums which for that accounting period may be deducted as expenses of management under section 304(1) of the Taxes Act either did not fall due in that period or would not have fallen due in that period but for the making, on or after 5th December 1986, of arrangements varying the due date for payment.
- (4) The Board shall not give a direction under this paragraph with respect to a 1986 accounting period of a dual resident investing company unless it appears to the Board that the sole or main benefit that might be expected to accrue from the early payment or, as the case may be, from the arrangements was that (apart from this paragraph) the company would, for that period, have an amount or, as the case may be, a larger amount available for surrender by way of group relief.

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- (5) If this paragraph applies in relation to a 1986 accounting period of a dual resident investing company which is carrying on a trade then, for the purposes of the enactments relating to group relief and, where appropriate, any apportionment under paragraph 2 above,—
- (a) the loss (if any) of the company for that period shall be computed (as mentioned in section 259(1) of the Taxes Act) as if any payment falling within sub-paragraph (2)(b) above had not been made in that period; and
 - (b) the loss (if any) of the company for its first post-1986 accounting period shall be computed as if any such payment were made in that period.
- (6) If this paragraph applies in relation to a 1986 accounting period of a dual resident investing company which is an investment company, then, for the purposes referred to in sub-paragraph (5) above,—
- (a) the amount which may be deducted as expenses of management for that period, as mentioned in section 259(3) of the Taxes Act, shall be computed as if any sum falling within sub-paragraph (3)(b) above had not been disbursed; and
 - (b) the amount which may be so deducted as expenses of management for the first of the company's post-1986 accounting periods shall be computed as if any such sum were disbursed in that period.