



# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART IV

#### PROVISIONS RELATING TO THE SCHEDULE D CHARGE

### CHAPTER V

#### COMPUTATIONAL PROVISIONS

##### *Deductions*

#### **75 Expenses of management: investment companies.**

- (1) <sup>M1</sup>In computing for the 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 profits apart from this section.

[<sup>F1</sup>(1A) The expenses of management of a company shall not include any expenses in relation to which a debit falls to be brought into account for the purposes of Chapter II of Part IV of the Finance Act 1996 (loan relationships) in computing the amount from which sums disbursed as expenses of management are deductible.]

- (2) For the purposes of subsection (1) above 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, <sup>F2</sup>. . . group income and any regional development grant. In this subsection “regional development grant” means a payment by way of grant under Part II of the <sup>M2</sup>Industrial Development Act 1982.
- (3) <sup>M3</sup>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

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*Changes to legislation: Income and Corporation Taxes Act 1988, Section 75 is up to date with all changes known to be in force on or before 16 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

the company's business, exceed the amount of the profits from which they are deductible—

- (a) the excess shall be carried forward to the succeeding accounting period; and
  - (b) the amount so carried forward to the succeeding accounting period shall be treated for the 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.
- (4) For the purposes of this section 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 [F3 section 28 of the 1990 Act (capital allowances for investment F4 . . . companies)] in so far as effect cannot be given to them under subsection (2) of that section.
- (5) M4 Where an appeal against an assessment to corporation tax F5 . . . relates exclusively to the relief to be given under subsection (1) above, the appeal shall lie to the Special Commissioners, and if and so far as the question in dispute on any such appeal which does not lie to the Special Commissioners relates to that relief, that question shall, instead of being determined on the appeal, be referred to and determined by the Special Commissioners, and the Management Act shall apply as if that reference were an appeal.
- (6) F6 . . . . .

#### Textual Amendments

- F1** S. 75(1A) inserted (with effect in accordance with s. 105(1) of the amending Act) by Finance Act 1996 (c. 8), Sch. 14 para. 8 (with Sch. 15)
- F2** Words in s. 75(2) repealed (with effect in accordance with Sch. 6 para. 2(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 2(2), Sch. 8 Pt. 2(11), Note
- F3** 1990(C) s.164 and Sch.1 para.8(4). Previously  
 “section 306 of the 1970 Act (capital allowances for machinery and plant)”.
- F4** Words in s. 75(4) repealed (with effect in accordance with Sch. 8 para. 57(1) of the repealing Act) by Finance Act 1995 (c. 4), Sch. 8 para. 23(2), Sch. 29 Pt. 8(5), Note 2 (with Sch. 8 para. 55(2))
- F5** Words in s. 75(5) repealed (with effect in accordance with s. 20 of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 8 Pt. 2(4), Note
- F6** S. 75(6) repealed (with effect in accordance with Sch. 6 para. 2(4) of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 6 para. 2(3), Sch. 8 Pt. 2(11), Note

#### Modifications etc. (not altering text)

- C1** See the following sections of this Act:—s.77—incidental costs of obtaining loan finance.s.78—incidental costs in securing acceptance of bills of exchange by banks.s.79—contributions to approved local enterprise agencies on or after 1April 1982and before 1April 1992.s.85—profit sharing schemes.s.86—expenditure incurred in relation to employees seconded to charities; and, from 26November 1986to 31March 1997,educational establishments.s.88—sums paid to Export Credits Guarantee Dept. under investment insurance schemes.s.90—additional payments to redundant employees.s.242(2)—set-off of losses, etc., against franked investment income.s.403—group relief.s.468—application to authorised unit trusts.s.573—losses on unquoted shares in trading companies allowed before charges against income of investment companies.s.577—exclusion of certain entertaining expenses.s.579—inclusion of statutory redundancy payments.s.586—disallowance of deductions for war risk premiums.s.587—disallowance of certain payments in respect of war injuries to employees.s.588—relief for costs of training incurred on or after 6April 1987.s.592—inclusion of

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*employer's contribution under exempt approved retirement benefits schemes.*s.779—*limitation on reliefs: land sold and leased back.*s.780—*land sold and leased back: relief in respect of rent under new lease.*s.834—*definitions of “profits” and “trade” in s.6(4) to apply for purposes of s.75.*

- C2** S. 75(3) restricted (with effect in accordance with s. 105(1) of the restricting Act) by Finance Act 1996 (c. 8), **Sch. 11 para. 4(12)** (with Sch. 15)
- C3** S. 75(3)(b) modified by S.I. 1992/1655, reg. 3G (as inserted (10.8.1995) by The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 1995 (S.I. 1995/1916), **reg. 4**)
- C4** See—1988(F) s.73(3)—*sums in connection with restrictive undertakings paid on or after 6 June 1988.*1989 s.44*for periods of account ending after 5 April 1989 involving emoluments.*1989 s.67—*employee share ownership trusts.*1989 s.76—*non-approved retirement benefit schemes.*1989 ss.86-87—*changes in respect of insurance companies.*

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#### **Marginal Citations**

- M1** SOURCE-1970 s. 304(1); 1984 s. 54(2)(b); 1987 s. 41
- M2** 1982 c. 52.
- M3** SOURCE-1970 s. 304(2), (3)
- M4** SOURCE-1970 s. 304(4)

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