



Finance Act 1989

1989 CHAPTER 26

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Groups of companies

99 Dividends etc. paid by one member of a group to another

- (1) Section 247 of the Taxes Act 1988 (dividends etc. paid by one member of a group to another) shall be amended in accordance with this section.
- (2) In subsection (1) for paragraph (b) there shall be substituted—
 - “(b) a trading or holding company which does not fall within subsection (1A) below and which is owned by a consortium the members of which include the receiving company.”.
- (3) After subsection (1) there shall be inserted—
 - “(1A) A company falls within this subsection if—
 - (a) it is a 75 per cent. subsidiary of any other company, or
 - (b) arrangements of any kind (whether in writing or not) are in existence by virtue of which it could become such a subsidiary.”
- (4) After subsection (8) there shall be inserted—
 - “(8A) Notwithstanding that at any time a company (“the subsidiary company”) is a 51 per cent. subsidiary of another company (“the parent company”) it shall not be treated at that time as such a subsidiary for the purposes of this section unless, additionally, at that time—

Status: This is the original version (as it was originally enacted).

- (a) the parent company would be beneficially entitled to more than 50 per cent. of any profits available for distribution to equity holders of the subsidiary company; and
 - (b) the parent company would be beneficially entitled to more than 50 per cent. of any assets of the subsidiary company available for distribution to its equity holders on a winding-up.”
- (5) For subsection (9)(c) there shall be substituted—
 - “(c) a company is owned by a consortium if 75 per cent. or more of the ordinary share capital of the company is beneficially owned between them by companies resident in the United Kingdom of which none—
 - (i) beneficially owns less than 5 per cent. of that capital,
 - (ii) would be beneficially entitled to less than 5 per cent. of any profits available for distribution to equity holders of the company, or
 - (iii) would be beneficially entitled to less than 5 per cent. of any assets of the company available for distribution to its equity holders on a winding-up,and those companies are called the members of the consortium.”
- (6) After subsection (9) there shall be inserted—
 - “(9A) Schedule 18 shall apply for the purposes of subsections (8A) and (9)(c) above as it applies for the purposes of section 413(7).”
- (7) This section shall have effect in relation to dividends and other sums paid on or after the day on which this Act is passed.