

SCHEDULES

SCHEDULE 2

TRANSITIONALS AND SAVINGS

PART 6

LOSSES ON DISPOSAL OF SHARES

Excluded activities: receipt of royalties and licence fees

- 55 (1) In relation to shares issued before 6 April 2000, Chapter 6 of Part 4 applies with the substitution for section 195 (as applied by section 137(7)) of—

“195 Excluded activities: receipt of royalties and licence fees

- (1) This section supplements section 192(1)(e) (receipt of royalties and licence fees).
 - (2) A trade is not to be regarded as consisting in the carrying on of excluded activities within section 192(1)(e) as a result only of it consisting to a substantial extent in the receiving of royalties or licence fees if—
 - (a) the company carrying on the trade is engaged throughout the relevant period in—
 - (i) the production of films, or
 - (ii) the production of films and the distribution of films produced by it in the relevant period, and
 - (b) all royalties and licence fees received by it in the relevant period are in respect of films produced by it in that period or sound recordings in relation to such films or other products arising from such films.
 - (3) A trade is not to be regarded as consisting in the carrying on of excluded activities within section 192(1)(e) as a result only of it consisting to a substantial extent in the receiving of royalties or licence fees if—
 - (a) the company carrying on the trade is engaged in research and development throughout the relevant period, and
 - (b) all royalties and licence fees received by it in the relevant period are attributable to research and development which it has carried out.
 - (4) In this section “the relevant period” means the continuous period that is relevant for the purposes of section 134(3).”
- (2) Sub-paragraph (1) applies in relation to section 195 as applied by section 576B(7) of ICTA (which makes corresponding provision for the purposes of corporation tax) as it applies in relation to section 195 as applied by section 137(7).

Status: This is the original version (as it was originally enacted).

- (3) For the purposes of sub-paragraph (2) sub-paragraph (1) applies with the substitution for “section 134(3)” of “section 576A(3) of ICTA”.