



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 3

#### COMPANIES WITH SMALL PROFITS

##### *Supplementary*

#### **31 Power to obtain information**

<sup>F1</sup>(1) .....

(2) Subsections (3) and (4) apply if a company (“the issuing company”) appears to an officer of Revenue and Customs to be a close company.

(3) The officer may, for the purposes of this Part, by notice require the issuing company to provide the officer with—

- (a) particulars of any bearer securities issued by the company,
- (b) the names and addresses of the persons to whom the securities were issued, and
- (c) details of the amounts issued to each person.

(4) The officer may, for the purposes of this Part, by notice require—

- (a) any person to whom bearer securities were issued by the company, or
- (b) any person to or through whom bearer securities issued by the company were subsequently sold or transferred,

to provide any further information that the officer reasonably requires with a view to enabling the officer to find out the names and addresses of the persons beneficially interested in the securities.

(5) In this section—

- “loan creditor” has the meaning given by section 453, and
- “securities” includes—

- (a) shares, stocks, bonds, debentures and debenture stock, and

*Status: Point in time view as at 17/07/2012.*

*Changes to legislation: Corporation Tax Act 2010, Cross Heading: Supplementary is up to date with all changes known to be in force on or before 01 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)*

- (b) any promissory note or other instrument evidencing indebtedness to a loan creditor of the company.

#### Textual Amendments

- F1** S. 31(1) omitted (with effect in accordance with Sch. 23 para. 65 of the amending Act) by virtue of Finance Act 2011 (c. 11), **Sch. 23 paras. 64(2)(a), 65(1)(a)** (with Sch. 23 paras. 50, 65(1)(b))

### 32 Meaning of “augmented profits”

- (1) For the purposes of this Part, a company's augmented profits of an accounting period are—
- (a) the company's taxable total profits of that period, plus
  - (b) any franked investment income received by the company that is not excluded by subsection (2).
- (2) This subsection excludes any franked investment income which the company (“the receiving company”) receives from a company which is—
- (a) a 51% subsidiary of—
    - (i) the receiving company, or
    - (ii) a company of which the receiving company is a 51% subsidiary, or
  - (b) a trading company or relevant holding company that is a quasi-subsiary of the receiving company.
- (3) For the purposes of subsection (2)(b) a company is a quasi-subsiary of the receiving company if—
- (a) it is owned by a consortium of which the receiving company is a member,
  - (b) it is not a 75% subsidiary of any company, and
  - (c) no arrangements of any kind (whether in writing or not) exist by virtue of which it could become a 75% subsidiary of any company.

### 33 Interpretation of section 32(2) and (3)

- (1) For the purposes of section 32(2)(a), a company (“A”) is a 51% subsidiary of another company (“B”) only at times when—
- (a) B would be beneficially entitled to more than 50% of any profits available for distribution to equity holders of A, and
  - (b) B would be beneficially entitled to more than 50% of any assets of A available for distribution to its equity holders on a winding up.
- (2) The requirement in subsection (1) is in addition to the requirements of section 1154(2) (meaning of “51% subsidiary”).
- (3) In determining for the purposes of section 32(2)(a) whether or not a company is a 51% subsidiary of another company (“C”), C is treated as not being the owner of share capital if—
- (a) it owns the share capital indirectly,
  - (b) the share capital is owned directly by a company (“D”), and
  - (c) a profit on the sale of the shares would be a trading receipt for D.
- (4) In section 32(2)(b) and this section—

*Status: Point in time view as at 17/07/2012.*

*Changes to legislation: Corporation Tax Act 2010, Cross Heading: Supplementary is up to date with all changes known to be in force on or before 01 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)*

- (a) “trading company” means a company whose business consists wholly or mainly of carrying on a trade or trades, and
  - (b) “relevant holding company” means a company whose business consists wholly or mainly of holding shares in or securities of trading companies that are its 90% subsidiaries.
- (5) For the purposes of section 32(3), a company is owned by a consortium if at least 75% of the company's ordinary share capital is beneficially owned by two or more companies each of which—
- (a) beneficially owns at least 5% of that capital,
  - (b) would be beneficially entitled to at least 5% of any profits available for distribution to equity holders of the company, and
  - (c) would be beneficially entitled to at least 5% of any assets of the company available for distribution to its equity holders on a winding up.
- (6) The companies meeting those conditions are called the members of the consortium.
- (7) Chapter 6 of Part 5 (equity holders and profits or assets available for distribution) applies for the purposes of subsections (1) and (5) as it applies for the purposes of section 151(4)(a) and (b).

### **34 Close investment-holding companies**

- (1) For the purposes of this Part, a close company (“the candidate company”) is a close investment-holding company in an accounting period unless throughout the period it exists wholly or mainly for one or more of the permitted purposes set out in subsection (2).

There is an exception to this rule in subsection (5).

- (2) The candidate company exists for a permitted purpose so far as it exists—
- (a) for the purpose of carrying on a trade or trades on a commercial basis,
  - (b) for the purpose of making investments in land, or estates or interests in land, in cases where the land is, or is intended to be, let commercially (see subsection (3)),
  - (c) for the purpose of holding shares in and securities of, or making loans to, one or more companies each of which—
    - (i) is a qualifying company, or
    - (ii) falls within subsection (4),
  - (d) for the purpose of co-ordinating the administration of two or more qualifying companies,
  - (e) for the purpose of the making of investments as mentioned in paragraph (b)—
    - (i) by one or more qualifying companies, or
    - (ii) by a company which has control of the candidate company, or
  - (f) for the purpose of a trade or trades carried on on a commercial basis—
    - (i) by one or more qualifying companies, or
    - (ii) by a company which has control of the candidate company.
- (3) For the purposes of subsection (2)(b), any letting of land is taken to be commercial unless the land is let to—
- (a) a person connected with the candidate company (“a connected person”), or

---

*Status: Point in time view as at 17/07/2012.*

*Changes to legislation: Corporation Tax Act 2010, Cross Heading: Supplementary is up to date with all changes known to be in force on or before 01 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)*

---

- (b) a person who is—
  - (i) the spouse or civil partner of a connected person,
  - (ii) a relative of a connected person, or the spouse or civil partner of a relative of a connected person,
  - (iii) the relative of the spouse or civil partner of a connected person, or
  - (iv) the spouse or civil partner of a relative of the spouse or civil partner of the connected person.
- (4) A company falls within this subsection (see subsection (2)(c)(ii)) if—
  - (a) it is under the control of the candidate company or of a company which has control of the candidate company, and
  - (b) it exists wholly or mainly for the purpose of holding shares in or securities of, or of making loans to, one or more qualifying companies.
- (5) If a company is wound up and was not a close investment-holding company in the accounting period that ends (by virtue of section 12(2) of CTA 2009) immediately before the winding up starts, the company is not treated for the purposes of this Part as being a close investment-holding company in the subsequent accounting period.
- (6) In this section “qualifying company” means a company which—
  - (a) is under the control of the candidate company or of a company which has control of the candidate company, and
  - (b) exists wholly or mainly for either or both of the purposes mentioned in subsection (2)(a) and (b).
- (7) In this section—
  - “control” has the meaning given by section 450, and
  - “relative” means brother, sister, ancestor or lineal descendant.

**Status:**

Point in time view as at 17/07/2012.

**Changes to legislation:**

Corporation Tax Act 2010, Cross Heading: Supplementary is up to date with all changes known to be in force on or before 01 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.