

Status: Point in time view as at 06/04/2014.

Changes to legislation: There are currently no known outstanding effects for the National Insurance Contributions Act 2014, Paragraph 5. (See end of Document for details)

SCHEDULES

SCHEDULE 1

EMPLOYMENT ALLOWANCE: RULES FOR DETERMINING IF PERSONS ARE “CONNECTED”

PART 1

COMPANIES

Connection through a loan creditor

- 5 (1) A company (“A”) is not under the control of another company (“B”) for the purposes of paragraph 2(1) if—
- (a) B is a loan creditor of A,
 - (b) there is no other connection between A and B, and
 - (c) either—
 - (i) B is not a close company, or
 - (ii) B's relationship to A as a loan creditor arose in the ordinary course of a business which B carries on.
- (2) Sub-paragraph (3) applies if—
- (a) two companies (“A” and “B”) are under the control of the same person who is a loan creditor of each of them,
 - (b) there is no other connection between A and B, and
 - (c) either—
 - (i) the loan creditor is a company which is not a close company, or
 - (ii) the loan creditor's relationship to each of A and B as a loan creditor arose in the ordinary course of a business which the loan creditor carries on.
- (3) In determining under paragraph 2(1) if A and B are connected with one another, rights which the loan creditor has as a loan creditor of A, or as a loan creditor of B, are ignored.
- (4) In sub-paragraph (2)(a) “control” has the same meaning as in paragraph 2(1).
- (5) In this paragraph—
- (a) “close company” is to be read in accordance with Chapter 2 of Part 10 of CTA 2010 (see, in particular, section 439 of that Act),
 - (b) “connection” includes a connection in the past as well as a connection in the present and references to a connection between two companies include any dealings between them, and
 - (c) references to a loan creditor of a company are to be read in accordance with section 453 of CTA 2010.

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