

Costs of establishing profit sharing schemes. FA82 s58A; FA97 s50(b) 518.—(1) This section shall apply to a sum expended on or after the 10th day of May, 1997, by a company in establishing a profit sharing scheme which the Revenue Commissioners approve of in accordance with Part 2 of Schedule 11 and under which the trustees acquire no shares before such approval is given.

(2) A sum to which this section applies shall be included—

(a) in the sums to be deducted in computing for the purposes of Schedule D the profits or gains of a trade carried on by the company, or

(b) if the company is an investment company within the meaning of section 83 or a company in the case of which that section applies by virtue of section 707, in the sums to be deducted under section 83 (2) as expenses of management in computing the profits of the company for the purposes of corporation tax.

(3) In a case where—

(a) subsection (2) applies, and

(b) the approval is given after the end of the period of 9 months beginning on the day following the end of the accounting period in which the sum is expended,

then, for the purpose of subsection (2), the sum shall be treated as expended in the accounting period in which the approval is given and not in the accounting period mentioned in paragraph (b).