

Subsidiaries. CTA76 s156 9.—(1) For the purposes of the Tax Acts, except where otherwise provided, a company shall be deemed to be—

(a) a “51 per cent subsidiary” of another company if and so long as more than 50 per cent of its ordinary share capital is owned directly or indirectly by that other company,

(b) a “75 per cent subsidiary” of another company if and so long as not less than 75 per cent of its ordinary share capital is owned directly or indirectly by that other company,

(c) a “90 per cent subsidiary” of another company if and so long as not less than 90 per cent of its ordinary share capital is directly owned by that other company.

(2) In paragraphs (a) and (b) of subsection (1), “owned directly or indirectly” by a company means owned whether directly or through another company or other companies or partly directly and partly through another company or other companies.

(3) In this section, references to ownership shall be construed as references to beneficial ownership.

(4) For the purposes of this section, the amount of ordinary share capital of one company owned by a second company through another company or other companies, or partly directly and partly through another company or other companies, shall be determined in accordance with subsections (5) to (10).

(5) Where, in the case of a number of companies, the first directly owns ordinary share capital of the second and the second directly owns ordinary share capital of the third, then, for the purposes of this section, the first shall be deemed to own ordinary share capital of the third through the second and, if the third directly owns ordinary share capital of a fourth, the first shall be deemed to own ordinary share capital of the fourth through the second and third, and the second shall be deemed to own ordinary share capital of the fourth through the third, and so on.

(6) In this section—

(a) any number of companies of which the first directly owns ordinary share capital of the next and the next directly owns ordinary share capital of the next but one and so on, and, if there are more than 3, any 3 or more of them, are referred to as a “series”;

(b) in any series—

(i) that company which owns ordinary share capital of another through the remainder is referred to as “the first owner”;

(ii) that other company the ordinary share capital of which is so owned is referred to as “the last owned company”;

(iii) the remainder, if one only, is referred to as an “intermediary” and, if more than one, are referred to as “a chain of intermediaries”;

(c) a company in a series which directly owns ordinary share capital of another company in the series is referred to as an “owner”;

(d) any 2 companies in a series of which one owns ordinary share capital of the other directly, and not through one or more of the other companies in the series, are referred to as being directly related to one another.

(7) Where every owner in a series owns the whole of the ordinary share capital of the company to which it is directly related, the first owner shall be deemed to own through the intermediary or chain of intermediaries the whole of the ordinary share capital of the last owned company.

(8) Where one of the owners in a series owns a fraction of the ordinary share capital of the company to which it is directly related, and every other owner in the series owns the whole of the ordinary share capital of the company to which it is directly related, the first owner shall be deemed to own that fraction of the ordinary share capital of the last owned company through the intermediary or chain of intermediaries.

(9) Where—

(a) each of 2 or more of the owners in a series owns a fraction, and every other owner in the series owns the whole, of the ordinary share capital of the company to which it is directly related, or

(b) every owner in a series owns a fraction of the ordinary share capital of the company to which it is directly related,

the first owner shall be deemed to own through the intermediary or chain of intermediaries such fraction of the ordinary share capital of the last owned company as results from the multiplication of those fractions.

(10) Where the first owner in any series owns a fraction of the ordinary share capital of the last owned company in that series through the intermediary or chain of intermediaries in that series, and also owns another fraction or other fractions of the ordinary share capital of the last owned company, either—

(a) directly,

(b) through an intermediary which is not a member, or intermediaries which are not members, of that series,

(c) through a chain or chains of intermediaries of which one or some or all are not members of that series, or

(d) in a case where the series consists of more than 3 companies, through an intermediary which is a member, or intermediaries which are members, of the series, or through a chain or chains of intermediaries

consisting of some but not all of the companies of which the chain of intermediaries in the series consists,

then, for the purpose of ascertaining the amount of the ordinary share capital of the last owned company owned by the first owner, all those fractions shall be aggregated and the first owner shall be deemed to own the sum of those fractions.