

Limited right to profits or assets. CTA76 s112 416.—(1) This section shall apply if any of the equity holders—

(a) to whom the profit distribution is made, or

(b) who is entitled to participate in the notional winding up,

holds as such equity holder any shares or securities which carry rights in respect of dividend or interest or assets on a winding up which are wholly or partly limited by reference to a specified amount or amounts (whether the limitation takes the form of the capital by reference to which a distribution is calculated or operates by reference to an amount of profits or assets or otherwise).

(2) Where this section applies, there shall be determined—

(a) the percentage of profits to which on the profit distribution the first company referred to in section 414 (1) would be entitled, and

(b) the percentage of assets to which on the notional winding up the first company referred to in section 415 (1) would be entitled,

if, to the extent that they are limited as mentioned in subsection (1), the rights of every equity holder within that subsection (including the first company concerned if it is such an equity holder) had been waived.

(3) Where on the profit distribution the percentage of profits determined as mentioned in subsection (2)(a) is less than the percentage of profits determined under section 414 (1) without regard to subsection (2)(a), the lesser percentage shall be taken for the purposes of section 412 to be the percentage of profits to which on the profit distribution the first company referred to in section 414 (1) would be entitled as mentioned in that section.

(4) Where on the notional winding up the percentage of assets determined as mentioned in subsection (2)(b) is less than the percentage of assets determined under section 415 (1) without regard to subsection (2)(b), the lesser percentage shall be taken for the purposes of section 412 to be the percentage to which on the notional winding up the first company referred to in section 415 (1) would be entitled of any assets of the other company available for distribution to its equity holders on a winding up.