

Application of section 130 to certain interest. FA88 s37; FA94 s49 452.—(1) (a) In this section—

“qualified company” and “relevant trading operations” have the same meanings as they have for the purposes of sections 445 and 446, but trading operations shall not be treated as relevant trading operations ) if they are not trading operations which could be certified by the Minister for Finance as relevant trading operations for the purposes of section 446 if they were carried on in the Area ) rather than in the airport );

“resident of the United States of America” has the meaning assigned to it by the Convention set out in Schedule 25.

(b) For the purposes of this section, a company shall be regarded as being a resident of a territory, other than the United States of America, if it is so regarded under arrangements made with the government of that territory and having the force of law by virtue of section 826.

(2) This section shall apply to so much of any interest as—

(a) is a distribution by virtue only of section 130 (2)(d)(iv),

(b) is payable by a qualified company in the course of carrying on relevant trading operations and would but for section 130 (2)(d)(iv) be deductible as a trading expense in computing the amount of the company's income from the relevant trading operations, and

(c) is interest payable to a company which is a resident of the United States of America or of a territory with the government of which arrangements having the force of law by virtue of section 826 have been made.

(3) Where a company proves that this section applies to any interest payable by it for an accounting period and elects to have that interest treated as not being a distribution for the purposes of section 130 (2)(d)(iv), then, section 130 (2)(d)(iv) shall not apply to that interest.

(4) An election under this section in relation to interest payable by a company for an accounting period shall be made in writing to the inspector and furnished together with the company's return of its profits for the period.