

PART 13 Close Companies

CHAPTER 1 Interpretation and general

Meaning of “close company”. CTA76 s94 430.—(1) For the purposes of the Corporation Tax Acts, “close company” means a company under the control of 5 or fewer participators, or of participators who are directors, but does not include—

- (a) a company not resident in the State,
- (b) a registered industrial and provident society, being a society within the meaning of section 698,
- (c) a building society within the meaning of section 702,
- (d) a company controlled by or on behalf of the State and not otherwise a close company, or
- (e) a company within subsection (4) or section 431.

(2) For the purposes of this section—

(a) a company shall be treated as controlled by or on behalf of the State only if it is under the control of the State, or of persons acting on behalf of the State, independently of any other person, and

(b) where a company is so controlled, it shall not be treated as being otherwise a close company unless it can be treated as a close company by virtue of being under the control of persons acting independently of the State.

(3) A company resident in the State (but not within paragraph (b) or (c) of subsection (1)) shall also be a close company if, on a full distribution of its distributable income, more than 50 per cent of that income would be paid directly or indirectly to 5 or fewer participators, or to participators who are directors.

(4) A company shall not be treated as a close company—

(a) if—

(i) it is controlled by a company which is not a close company, or by 2 or more companies none of which is a close company, and

(ii) it cannot be treated as a close company except by taking as one of the 5 or fewer participators requisite for its being so treated a company which is not a close company,

or

(b) if it cannot be treated as a close company except by virtue of paragraph (c) of section 432 (2) and would not be a close company if the reference in that paragraph to participators did not include loan creditors who are companies other than close companies.

(5) References in subsection (4) to a close company shall be treated as including a company which if resident in the State would be a close company.

(6) Where shares in any company (in this subsection referred to as “the first company”) are at any time after the 5th day of April, 1976, held on trust for an exempt approved scheme of Part 30, then, unless the scheme is established wholly or mainly for the benefit of persons who are, or are dependants of, employees or directors or past employees or directors of—

(a) the first company,

(b) an associated company of the first company,

(c) a company under the control of any director, or associate of a director, of the first company or of 2 or more persons each of whom is such a director or associate, or

(d) a close company,

the persons holding the shares shall for the purposes of subsection (4) be deemed to be the beneficial owners of the shares and in that capacity to be a company which is not a close company.