

Expenses of management of investment companies. CTA76 s15. 83.—(1) For the purposes of this section and of the other provisions of the Corporation Tax Acts relating to expenses of management, “investment company” means any company whose business consists wholly or mainly of the making of investments, and the principal part of whose income is derived from the making of investments, but includes any savings bank or other bank for savings.

(2) In computing for the purposes of corporation tax the total profits for any accounting period of an investment company resident in the State—

(a) there shall be deducted any sums disbursed as expenses of management (including commissions) for that period, except any such expenses as are deductible in computing income for the purposes of Case V of Schedule D; but

(b) there shall be deducted from the amount treated as expenses of management the amount of any income derived from sources not charged to tax, other than franked investment income.

(3) Where in any accounting period of an investment company the expenses of management deductible under subsection (2), together with any charges on income paid in the accounting period wholly and exclusively for the purposes of the company's business, exceed the amount of the profits from which they are deductible, the excess shall be carried forward to the succeeding accounting period, and the amount so carried forward shall be treated for the purposes of this section (other than subsection (5)), including any further application of this subsection, as if it had been disbursed as expenses of management for that accounting period.

(4) For the purposes of subsections (2) and (3), there shall be added to a company's expenses of management in any accounting period the amount of any allowances to be made to the company for that period by virtue of section 109 or 774.

(5) (a) Where an investment company proves that in any accounting period it has received franked investment income, it shall be entitled to claim payment of the amount of the tax credit comprised in so much of that income as is equal to the amount of any excess for the accounting period computed under subsection (3), but excluding any amount carried forward from a previous accounting period.

(b) Any excess in respect of which relief is given under this subsection shall not be carried forward under subsection (3).

(6) (a) Notice of any claim under subsection (5), together with the particulars of that claim, shall be given in writing to the inspector within 2 years after the end of the accounting period in respect of which the claim is made.

(b) Where the inspector objects to such claim, the Appeal Commissioners shall hear and determine the claim in the like manner as in the case of an appeal to them against an assessment under Schedule D, and the provisions of the Income Tax Acts relating to the rehearing of an appeal and to the statement of a case for the opinion of the High Court on a point of law shall apply accordingly with any necessary modifications.