

Certain approved schemes: provisions supplementary to section 774 (6). FA72 s16A; FA97 s41(1) (b) 775.—(1)  
Where—

(a) after the 21st day of April, 1997, there is an actual payment by an employer of a contribution under an exempt approved scheme,

(b) apart from this section that payment would be allowed to be deducted as an expense, or expense of management, of the employer in relation to any chargeable period, and

(c) the total of previously allowed deductions exceeds the relevant maximum,

then, the amount allowed to be so deducted in respect of the payment mentioned in paragraph (a) and of any other actual payments of contributions under the scheme which, having been made after the 21st day of April, 1997, are within paragraph (b) in relation to the same chargeable period shall be reduced by whichever is the lesser of the excess and the amount which reduces the deduction to nil.

(2) In relation to any such actual payment by an employer of a contribution under an exempt approved scheme as would be allowed to be deducted as mentioned in subsection (1) in relation to any chargeable period—

(a) the reference in that subsection to the total of previously allowed deductions is a reference to the aggregate of every amount in respect of the making, or any provision for the making, of that or any other contribution under the scheme, which has been allowed to be deducted as an expense, or expense of management, of that person in relation to all previous chargeable periods, and

(b) the reference to the relevant maximum is a reference to the amount which would have been that aggregate if the restriction on deductions for sums other than actual payments imposed by virtue of section 774 (6) had been applied in relation to every previous chargeable period,

and for the purposes of this subsection an amount the deduction of the whole or any part of which is to be taken into account as allowed in relation to more than one chargeable period shall be treated as if the amount allowed were a different amount in the case of each of those periods.

(3) For the purposes of this section, any payment which is treated under paragraph (d) of section 774 (6) as spread over a period of years shall be treated as actually paid at the time when it is treated as paid in accordance with that paragraph.