

Change of ownership of company: calculation and treatment of advance corporation tax. FA83 s46(1) to (8)
167.—(1) In this section—

“trading company” means a company whose business consists wholly or mainly of the carrying on of a trade or trades;

“investment company” means a company (other than a holding company) whose business consists wholly or mainly in the making of investments and the principal part of whose income is derived from the making of investments;

“holding company” means a company whose business consists wholly or mainly in the holding of shares or securities of companies which are its 90 per cent subsidiaries and which are trading companies.

(2) This section shall apply if—

(a) within any period of 3 years there is both a change in the ownership of a company and (either earlier or later in that period, or at the same time) a major change in the nature or conduct of a trade or business carried on by the company, or

(b) at any time after the scale of the activities in a trade or business carried on by a company has become small or negligible, and before any considerable revival of the trade or business, there is a change in ownership of the company.

(3) Sections 160, 162 and 171 shall apply to an accounting period in which the change of ownership occurs as if the part ending with the change of ownership and the part after that change were 2 separate accounting periods, and for that purpose the income of the company charged to corporation tax for the accounting period (5)) shall be apportioned between those parts.

(4) No advance corporation tax paid by the company in respect of distributions made in an accounting period beginning before the change of ownership shall be treated under section 160 (4) as paid by it in respect of distributions made in an accounting period ending after the change of ownership, and this subsection shall apply to an accounting period in which the change of ownership occurs as if the part ending with the change of ownership and the part after that change were 2 separate accounting periods.

(5) In subsection (2)(a), “major change in the nature or conduct of a trade or business” includes—

(a) a major change in the type of property dealt in, or services or facilities provided, in the trade or business,

(b) a major change in customers, outlets or markets of the trade or business,

(c) a change whereby the company ceases to be a trading company and becomes an investment company or vice versa, or

(d) where the company is an investment company, a major change in the nature of the investments held by the company,

and this section shall apply even if the change is the result of a gradual process which began outside the period of 3 years mentioned in subsection (2)(a).

(6) Subsection (4) shall apply to advance corporation tax which a company is treated as having paid by virtue of section 166 (2) as it applies to advance corporation tax paid by the company.

(7) Subsections (6) and (7) of section 401 shall apply for the purposes of this section as they apply for the purposes of that section and shall so apply as if—

(a) the reference in paragraph 3 of Schedule 9 to losses or capital allowances were a reference to advance corporation tax, and

(b) the reference in paragraph 7 of Schedule 9 to the 16th day of May, 1973, were a reference to the 9th day of February, 1983.

(8) Section 1075 shall apply in relation to a notice given under paragraph 8 of Schedule 9 (as applied for the purposes of this section by subsection (7)) as it applies in relation to such a notice given for the purposes of section 401.