



Finance Act 1965

1965 CHAPTER 25

PART IV

TAXATION OF COMPANIES AND OF COMPANY DISTRIBUTIONS.

Commencement and transitional.

86 Transitional assistance to water companies in respect of taxation on dividends.

- (1) Where a water company is liable to account for and pay income tax in respect of dividends paid by it in the year 1966-67 or either of the two following years of assessment, the Minister of Housing and Local Government may, subject to such conditions as he sees fit to impose, make to the Board such payments towards satisfaction of that liability as are authorised by this section, and his expenses of so doing shall be defrayed out of moneys provided by Parliament.
- (2) In computing the payments authorised by this section to be made for the benefit of a water company in respect of dividends paid in any year of assessment, there shall be deducted from the amount of the dividends paid in the year—
 - (a) the amount of any franked investment income received by the company in the year ; and
 - (b) forty per cent. of the related profits on which the company is charged to corporation tax.
- (3) For purposes of subsection (2) (b) above the related profits on which the company is charged to corporation tax are, in relation to dividends paid for any period, the amount of the profits on which the company is so charged in respect of that period (ascertained, if need be, by division and apportionment or aggregation of amounts for accounting periods wholly or partly comprised in that period), but where dividends are paid for the same period in more than one year of assessment, the said amount shall be apportioned rateably between the parts paid in each of those years.
- (4) The payment that may be made under this section in respect of a company's dividends shall be an amount not exceeding for the year 1966-67 three-quarters, for the year

Status: This is the original version (as it was originally enacted).

1967-68 one-half and for the year 1968-69 one-quarter of the amount (if any) by which income tax at the standard rate on the amount ascertained in accordance with subsections (2) and (3) above exceeds the yield to the company in that year of a water rate of twopence in the pound.

- (5) No payment shall be made for the benefit of a company under this section except on a claim made to the Minister of Housing and Local Government in such manner, and supported by such evidence, as he may direct; and it shall be lawful for the Board and their officers to disclose to the Minister such particulars as he may reasonably require for determining whether any, and if so what, payment is authorised by this section in the case of any company.
- (6) In relation to water companies whose area of supply lies wholly or mainly in Wales references to the Secretary of State shall be substituted in this section for the references to the Minister of Housing and Local Government.
- (7) In this section " water company " means any company (being a body corporate) which is a statutory water undertaker for purposes of the Water Act 1945.
- (8) Notwithstanding anything in the Government of Ireland Act 1920 the Parliament of Northern Ireland shall have power to make laws for purposes similar to the purposes of this section.