

SCHEDULES

SCHEDULE 24

ASSUMPTIONS FOR CALCULATING CHARGEABLE PROFITS, CREDITABLE TAX AND CORRESPONDING UNITED KINGDOM TAX OF FOREIGN COMPANIES

Capital allowances

- 10 (1) Subject to paragraphs 11 and 12 below, if, in an accounting period falling before the beginning of the first accounting period in respect of which a direction is given under section 747(1), the company incurred any capital expenditure on the provision of machinery or plant for the purposes of its trade, that machinery or plant shall be assumed, for the purposes of Chapter I of Part III of the Finance Act 1971, to have been provided for purposes wholly other than those of the trade and not to have been brought into use for the purposes of that trade until the beginning of that first accounting period, and paragraph 7 of Schedule 8 to that Act (expenditure treated as equivalent to market value at the time the machinery or plant is brought into use) shall apply accordingly.
- (2) This paragraph shall be construed as one with Chapter I of Part III of the Finance Act 1971.
- 11 (1) This paragraph applies in any case where it appears to the Board that the reason why no direction was given under section 747(1) in respect of an accounting period which precedes the starting period was that the effect of any allowance which would be assumed for that preceding period by virtue of this Schedule would be such that—
- (a) the company would not have been considered to be subject in that accounting period to a lower level of taxation in the territory in which it was resident; or
 - (b) the company would have had no chargeable profits for that accounting period; or
 - (c) the chargeable profits of the company for that accounting period would not have exceeded £20,000 or such smaller amount as was appropriate in accordance with section 748(1)(d).
- (2) In this paragraph “the starting period” means the first accounting period in respect of which a direction is given under section 747(1) and, in a case where a claim is made under sub-paragraph (3) of paragraph 9 above, no account shall be taken of the effect of that sub-paragraph in determining which accounting period is the starting period for the purposes of this paragraph.
- (3) If, in a case where this paragraph applies, the Board so declare by notice given to every company to which, in accordance with section 753(1), notice of the making of the direction relating to the starting period is required to be given, the chargeable profits of that period and every subsequent accounting period and the corresponding United Kingdom tax for every subsequent accounting period shall be determined (in accordance with the provisions of this Schedule other than this paragraph) on the assumption that the accounting period specified in the declaration was the first accounting period in respect of which a direction was given and, accordingly,

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

as if allowances had been assumed in respect of that accounting period and any subsequent accounting period which precedes the starting period.

- (4) Nothing in sub-paragraph (3) above affects the operation of paragraph 9(3) above in a case where the accounting period specified in a claim under paragraph 9(3) above begins before the period specified in a declaration under sub-paragraph (3) above.
- (5) Subject to sub-paragraph (6) below, the Board shall not make a declaration under sub-paragraph (3) above with respect to an accounting period which precedes the starting period unless the facts are such that—
 - (a) assuming the company to have been subject in that period to a lower level of taxation in the territory in which it was resident, and
 - (b) assuming the company to have had in that period chargeable profits of such an amount that the condition in section 748(1)(d) would not be fulfilled,a direction could have been given in respect of that period under section 747(1).
- (6) In its application to a company falling within section 749(3), sub-paragraph (5) above shall have effect with the omission of paragraph (a).
- (7) In this paragraph “allowance” means an allowance under Chapter I of Part I of the 1968 Act or Chapter I of Part III of the Finance Act 1971.