

Close companies

Summary

1. This paper presents draft clauses which rewrite sections 414 to 417 and 419 to 422 of ICTA and Schedule 12 to FA 1989 (close companies).
2. The paper contains:
 - the draft clauses, with origins;
 - draft explanatory notes; and
 - draft notes outlining two proposed changes in the law.
3. In its present form, the close company legislation largely dates back to 1965. In rewriting it we have taken the opportunity to change its structure to help users.

Questions for the committee

4. We would be grateful for any comments you may have on these draft clauses. In particular, we would welcome comments on the restructuring of the provisions.
5. We would also welcome comments on the proposed rewrite changes which are intended for inclusion in Annex 1 to the explanatory notes on the Bill. One of these (change 608) replicates a change made for income tax purposes and so has already been consulted on and scrutinised by the Joint Committee as the Income Tax Bill was being considered by Parliament. If there are nonetheless any comments on this proposed change we should be grateful to have them. The other change is a new change in the taxpayer's favour, bringing the law into line with existing practice. We would particularly welcome any comments you may have on this.

Closing date for comments

6. We would welcome any comments by 12 December 2008. If possible, they should be sent by e-mail to:

jackie.bartlett@hmrc.gsi.gov.uk

Written comments should be sent to:

Jackie Bartlett

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London WC2B 4RD

7. Please note that the names of respondents may be published unless they ask for their comments to be treated in confidence.

12 September 2008