

2024 No. 555

CORPORATION TAX

**The Mutual Societies (Transfers of Business) (Tax)
(Amendment) Regulations 2024**

<i>Made</i> - - - -	<i>23rd April 2024</i>
<i>Laid before the House of Commons</i>	<i>24th April 2024</i>
<i>Coming into force</i> - -	<i>15th May 2024</i>

The Treasury make the following Regulations in exercise of the powers conferred by section 124 of the Finance Act 2009(a).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Mutual Societies (Transfers of Business) (Tax) (Amendment) Regulations 2024 and come into force on 15th May 2024.

(2) Subject to paragraphs (3) to (5), these Regulations have effect in relation to any relevant transfer which takes place on or after 1st January 2023.

(3) Paragraphs (4) and (5) apply if a relevant transfer takes place on or after 1st January 2023 but before the date on which these Regulations come into force.

(4) Subject to paragraph (5), any—

- (a) charge to tax (or increase in a charge to tax) on a party to the relevant transfer,
- (b) reduction in relief from tax available to a party to the relevant transfer, or
- (c) reduction in losses available to a party to the relevant transfer,

which arises only as a result of the application of these Regulations is to be disregarded.

(5) Paragraph (4) does not apply in relation to—

- (a) any charge to tax (or increase in a charge to tax),
- (b) any reduction in relief from tax, or
- (c) any reduction in losses,

which may arise as a result of anything done or occurring on or after the date on which these Regulations come into force.

(6) In this regulation, “relevant transfer” has the same meaning as in regulation 3 of the Mutual Societies (Transfers of Business) (Tax) Regulations 2009(b).

(a) 2009 c. 10.

(b) S.I. 2009/2971, to which there are amendments not relevant to these Regulations.

Amendment of the Mutual Societies (Transfers of Business) (Tax) Regulations 2009

2.—(1) The Mutual Societies (Transfers of Business) (Tax) Regulations 2009 are amended as follows.

(2) In regulation 4—

- (a) in paragraph (2), for “(3) to (18)” substitute “(19) and (20)”;
- (b) omit paragraphs (3) to (18);
- (c) at the end insert—

“(19) If Chapter 2E of Part 14 of the Corporation Tax Act 2010 (post-1 April 2017 trade losses: cases involving the transfer of a trade)(a) would not otherwise apply to the relevant transfer, that Chapter has effect as if—

- (a) section 676EA were omitted;
- (b) in each place, references to “the transferred company” were to “the transferor” in relation to a relevant transfer;
- (c) in sections 676EB(1)(a) and 676EC(1)(a), for “8 years beginning 3 years before the change in ownership” there were substituted “5 years beginning with the date of the relevant transfer”;
- (d) in sections 676EB(1)(b) and 676EC(1)(b), after “applies” there were inserted “, or is treated as applying”;
- (e) in each place, references to “the change in ownership” were to “the relevant transfer”;
- (f) in section 676EC—
 - (i) in paragraph (1)(a), “or a co-transferred company” were omitted;
 - (ii) in paragraph (2)(b)(i), “or the co-transferred company” were omitted;
 - (iii) in paragraph (6), “or co-transferred company” were omitted;
- (g) in section 676ED—
 - (i) in paragraphs (1) and (4)(a), “or a co-transferred company” were omitted in each place;
 - (ii) in paragraphs (2) and (5), “or (as the case maybe) the co-transferred company” were omitted in each place.

(20) If Chapter 1 of Part 22 of the Corporation Tax Act 2010 (transfers of a trade without a change of ownership)(b) would not otherwise apply to the relevant transfer, that Chapter applies to the relevant transfer as a transfer of a trade (within section 940B of that Act) and has effect as if sections 940A, 940C to 943 and 953 were omitted.”

*Amanda Milling
Joy Morrissey*

23rd April 2024

Two of the Lords Commissioners of His Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Mutual Societies (Transfers of Business) (Tax) Regulations 2009 (“the principal Regulations”) which make provision for and in connection with the tax consequences of a transfer of the business or engagements of a mutual society. The amendments

(a) 2010 c. 4. Chapter 2E was inserted by paragraph 79 of Schedule 4 to the Finance (No. 2) Act 2017 (c. 32).

(b) Chapter 1 was amended by paragraph 3 of Schedule 5 and paragraphs 24 and 25 of Schedule 6 to the Finance Act 2011 (c. 11), section 24(7) of the Finance Act 2012 (c. 14) and paragraphs 63 to 66 and 68 of Schedule 4 to the Finance (No. 2) Act 2017 (c. 32).

made by these Regulations apply the provisions of the Corporation Tax Act 2010 in relation to carried forward trading losses on a transfer of business between building societies.

Regulation 1 provides for citation, commencement and effect. Authority for the limited retrospective effect of these Regulations is given by section 124(5) of the Finance Act 2009. Paragraphs (3) to (6) of regulation 1 ensure that any retrospective effect will be relieving only.

Regulation 2 amends regulation 4 of the principal Regulations to apply Chapter 2E of Part 14 and Chapter 1 of Part 22 of the Corporation Tax Act 2010 with modifications to relevant transfers (as defined in the principal Regulations) made by a building society.

A Tax Information and Impact Note (TIIN) covering this instrument will be published on the GOV.UK website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.

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