

SCHEDULES

SCHEDULE 3 U.K.

Section 20.

TAX

The exempt period

- 1 (1) The exempt period for the purposes of this Schedule shall begin with a day appointed by the Secretary of State by order made by statutory instrument.
- (2) If—
- (a) an order is made under section 18(5) as a result of which section 18(1)(b) ceases to have effect, and
 - (b) the Crown ceases on any day to hold any special share provided for under the Corporation's articles of association,
- the exempt period for the purposes of this Schedule shall end with that day.

Modifications etc. (not altering text)

C1 Sch. 3 para. 1(1): 1.5.2003 appointed for beginning of exempt period by S.I. 2003/1282, art. 2

Exemption from tax

- 2 (1) The Corporation shall not be chargeable to corporation tax on profits arising during the exempt period.
- (2) The Corporation shall not have a liability to tax by virtue of section 747(4)(a) of the Income and Corporation Taxes Act 1988 (controlled foreign companies) in respect of profits arising during the exempt period.

Residence for tax purposes

- 3 (1) Sub-paragraph (2) shall apply if—
- (a) the exempt period ends, and
 - (b) at that time the Corporation would be regarded for the purposes of the ^{M1}Taxes Acts as resident in the United Kingdom by virtue only of section 66 of the Finance Act 1988 (company incorporated in UK).
- (2) That section shall not apply in relation to the Corporation at any time during the period beginning with the end of the exempt period and ending in accordance with sub-paragraph (3).
- (3) The period shall end—
- (a) with the seventh anniversary of the final day of the exempt period, or

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- (b) if earlier, at any time when the Corporation comes to be regarded for the purposes of the Taxes Acts as resident in the United Kingdom (otherwise than by virtue of section 66).
- (4) The following provisions shall not apply where the ^{M2}Corporation ceases to be resident in the United Kingdom by virtue of sub-paragraph (2)—
 - (a) section 179 of the Taxation of Chargeable Gains Act 1992 (company ceasing to be member of group);
 - (b) section 185 of that Act (deemed disposal of assets when company ceases to be resident in UK).
- (5) In this paragraph “the Taxes Acts” has the same meaning as in the ^{M3}Taxes Management Act 1970.

Marginal Citations

M1 1988 c. 39.

M2 1992 c. 12.

M3 1970 c. 9.

Groups of companies, &c.

- 4 (1) The Corporation cannot be a member of a group of companies for the purposes of Chapter I of Part VI of the Taxation of Chargeable Gains Act 1992 (groups of companies) at any time during the exempt period.
- (2) Where a company ceases to be a member of a group of companies by virtue of sub-paragraph (1), section 179 of that Act shall not apply.
- 5 (1) The Corporation cannot be a member of a group of companies for the purposes of Chapter IV of Part X of the ^{M4}Income and Corporation Taxes Act 1988 (group relief) at any time during the exempt period.
- (2) The Corporation cannot be a surrendering company for the purposes of a consortium claim within the meaning of section 402(3) of that Act.

Marginal Citations

M4 1988 c. 1.

Distributions

- 6 (1) This paragraph applies where the Corporation makes a distribution during the exempt period.
- (2) The following provisions shall not apply in relation to the distribution—
 - (a) [^{F1}section 1285 of the Corporation Tax Act 2009] (exemption from corporation tax);
 - ^{F2}(b)
- (3) The distribution shall be treated for the purposes of [^{F3}income tax as dividends of a non-UK resident company chargeable under Chapter 4 of Part 4 of the Income

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Tax (Trading and Other Income) Act 2005 (and accordingly as relevant foreign income for the purposes of that Act), and for the purposes of corporation tax^[F4] as dividends of a non-UK resident company chargeable under Chapter 2 of Part 10 of the Corporation Tax Act 2009.]

^{F5}(4)

(5) In this paragraph “distribution” has the same meaning as it has in the Corporation Taxes Acts by virtue of [^{F6}Chapter 2 of Part 23 of the Corporation Tax Act 2010] (company distributions).

Textual Amendments

- F1** Words in Sch. 3 para. 6(2)(a) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 461(2)(a)** (with Sch. 2 Pts. 1, 2)
- F2** Sch. 3 para. 6(2)(b) omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of Finance Act 2016 (c. 24), **Sch. 1 para. 59**
- F3** Words in Sch. 3 para. 6(3) substituted (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), **Sch. 1 para. 510(3)** (with Sch. 2)
- F4** Words in Sch. 3 para. 6(3) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 461(3)** (with Sch. 2 Pts. 1, 2)
- F5** Sch. 3 para. 6(4) repealed (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), Sch. 1 para. 510(4), **Sch. 3** (with Sch. 2)
- F6** Words in Sch. 3 para. 6(5) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 303(3)** (with Sch. 2)

Changes to legislation:

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