



# Finance Act 2002

## 2002 CHAPTER 23

### PART 3

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER 2

#### OTHER PROVISIONS

#### *International matters*

#### **89 Controlled foreign companies: territorial exclusions from s.748 exemptions**

(1) In section 748 of the Taxes Act 1988 (controlled foreign companies: cases where no apportionment falls to be made under section 747(3)) after subsection (5) insert—

“(6) This section is subject to section 748A.”.

(2) After section 748 of the Taxes Act 1988 insert—

#### Territorial exclusions from exemption under section 748

(1) Nothing in section 748 prevents an apportionment under section 747(3) falling to be made as regards an accounting period of a controlled foreign company if the company—

- (a) is a company incorporated in a territory to which this section applies as respects that accounting period; or
- (b) is at any time in that accounting period liable to tax in such a territory by reason of domicile, residence or place of management; or
- (c) at any time in that accounting period carries on business through a branch or agency in such a territory.

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***Changes to legislation:*** *There are currently no known outstanding effects for the Finance Act 2002, Section 89. (See end of Document for details)*

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- (2) The condition in subsection (1)(c) above is not satisfied as regards an accounting period of a controlled foreign company if the business carried on by the company in that period through branches or agencies in territories to which this section applies, taken as a whole, is only a minimal part of the whole of the business carried on by the company in that period.
  - (3) The territories to which this section applies as respects an accounting period of a controlled foreign company are those specified as such in regulations made by the Treasury.
  - (4) Regulations under subsection (3) above—
    - (a) may make different provision for different cases or with respect to different territories; and
    - (b) may contain such incidental, supplemental, consequential or transitional provision as the Treasury may think fit.
  - (5) A statutory instrument containing regulations under subsection (3) above shall not be made unless a draft of the instrument has been laid before, and approved by a resolution of, the House of Commons.”.
- (3) This section has effect in relation to accounting periods of controlled foreign companies beginning on or after the day on which this Act is passed.
- (4) In this section “accounting period” and “controlled foreign company” have the same meaning as in Chapter 4 of Part 17 of the Taxes Act 1988.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2002, Section 89.