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## SCHEDULES

### SCHEDULE 9

#### INTEREST

#### PART 1

#### CORPORATION TAX

PROSPECTIVE

#### *Amendments of Schedule 54*

- 9 Schedule 54 to FA 2009 (repayment interest) is amended as follows.  
10 Insert at the beginning—

#### “PART A1

#### SPECIAL PROVISION AS TO AMOUNT CARRYING REPAYMENT INTEREST

#### **Carry back of losses etc**

- A1 (1) This paragraph applies where—
- (a) a company has profits arising in an accounting period (“the earlier period”),
  - (b) there is for a later accounting period (“the later period”) a non-trading deficit on the company's loan relationships,
  - (c) as a result of a claim under section 389(1) [<sup>F1</sup>, 459(1)(b) or 463B(1)(b)] of CTA 2009, the whole or part of the deficit for the later period is set off against the profits of the earlier period, and
  - (d) a repayment falls to be made of corporation tax for the earlier period or of income tax in respect of a payment received by the company in that period.
- (2) So much of the repayment mentioned in sub-paragraph (1)(d) as falls to be made as a result of the claim under section 389(1) [<sup>F2</sup>, 459(1)(b) or 463B(1)(b)] does not carry repayment interest.
- (3) But sub-paragraph (2) does not apply (and, accordingly, the amount mentioned in that sub-paragraph carries repayment interest) after the expiry of 9 months from the end of the later period.
- A2 (1) This paragraph applies where—

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- (a) a company carrying on a trade has profits (of whatever description) arising in an accounting period (“the earlier period”),
  - (b) the company incurs a loss in a later accounting period (“the later period”),
  - (c) on a claim under section 37 of CTA 2010, the whole or any part of the loss incurred in the later period has been set off (whether under section 37 or 42 of that Act) for the purposes of corporation tax against the profits of the earlier period,
  - (d) the earlier period does not fall wholly within the period of 12 months immediately preceding the later period, and
  - (e) a repayment falls to be made of corporation tax paid for the earlier period or of income tax in respect of a payment received by the company in that period.
- (2) So much of the repayment mentioned in sub-paragraph (1)(e) as falls to be made as a result of the claim under section 37 does not carry repayment interest.
- (3) But sub-paragraph (2) does not apply (and, accordingly, the amount mentioned in that sub-paragraph carries repayment interest) after the expiry of 9 months from the end of the later period.
- [<sup>F3A1A</sup> A1A] This paragraph applies where—
- (a) a company has profits arising in an accounting period (“the earlier period”),
  - (b) the company ceases to carry on a trade in a later accounting period (“the later period”),
  - (c) on a claim under section 45F of CTA 2010 (terminal losses), the whole or any part of a loss incurred in the trade has been set off for the purposes of corporation tax against the profits of the earlier period,
  - (d) the earlier period does not fall wholly within the period of 12 months immediately preceding the later period, and
  - (e) a repayment falls to be made of corporation tax paid for the earlier period or of income tax in respect of a payment received by the company in that period.
- (2) So much of the repayment mentioned in sub-paragraph (1)(e) as falls to be made as a result of the claim under section 45F does not carry repayment interest.
- (3) But sub-paragraph (2) does not apply (and, accordingly, the amount mentioned in that sub-paragraph carries repayment interest) after the expiry of 9 months from the end of the later period.]
- A3 (1) This paragraph applies where—
- (a) a company is liable to corporation tax for an accounting period (“the earlier period”),
  - (b) in a later accounting period of the company (“the later period”), an excess arises as described in section 72 of TIOPA 2010 (amounts of unrelieved foreign tax),

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- (c) on a claim under section 77 of that Act, credit for the whole or any part of the excess is allowed against corporation tax in respect of the earlier period, and
    - (d) a repayment falls to be made of corporation tax paid for the earlier period or of income tax in respect of a payment received by the company in that period.
  - (2) So much of the repayment mentioned in sub-paragraph (1)(d) as falls to be made as a result of the claim under section 77 does not carry repayment interest.
  - (3) But sub-paragraph (2) does not apply (and, accordingly, the amount mentioned in that sub-paragraph carries repayment interest) after the expiry of 9 months from the end of the later period.
  - (4) This paragraph does not apply where paragraph A4 [<sup>F4</sup>or A5] applies.
- A4 (1) This paragraph applies where—
  - (a) a company carrying on a trade has profits (of whatever description) arising in an accounting period (“the middle period”),
  - (b) the company incurs a loss in a later accounting period (“the later period”),
  - (c) on a claim under section 37 of CTA 2010, the whole or any part of the loss incurred in the later period has been set off (whether under section 37 or 42 of that Act) for the purposes of corporation tax against the profits of the middle period,
  - (d) the middle period does not fall wholly within the period of 12 months immediately preceding the later period,
  - (e) as a result of the claim under section 37, an excess or increased excess arises in the middle period as described in section 72 of TIOPA 2010 (amounts of unrelieved foreign tax),
  - (f) on a claim under section 77 of that Act, credit for the whole or any part of the excess is allowed against corporation tax in respect of an accounting period before the middle period (“the earlier period”), and
  - (g) a repayment falls to be made of corporation tax paid for the earlier period or of income tax in respect of a payment received by the company in that period.
- (2) So much of the repayment mentioned in sub-paragraph (1)(g) as falls to be made as a result of the claim under section 77 does not carry repayment interest.
- (3) But sub-paragraph (2) does not apply (and, accordingly, the amount mentioned in that sub-paragraph carries repayment interest) after the expiry of 9 months from the end of the later period.
- [<sup>F5</sup>A~~5~~1] This paragraph applies where—
  - (a) a company has profits arising in an accounting period (“the middle period”),
  - (b) the company ceases to carry on a trade in a later accounting period (“the later period”),

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- (c) on a claim under section 45F of CTA 2010 (terminal losses), the whole or any part of a loss incurred in the trade has been set off for the purposes of corporation tax against the profits of the middle period,
  - (d) the middle period does not fall wholly within the period of 12 months immediately preceding the later period,
  - (e) as a result of the claim under section 45F, an excess or increased excess arises in the middle period as described in section 72 of TIOPA 2010 (amounts of unrelieved foreign tax),
  - (f) on a claim under section 77 of that Act, credit for the whole or any part of the excess is allowed against corporation tax in respect of an accounting period before the middle period (“the earlier period”) and,
  - (g) a repayment falls to be made of corporation tax paid for the earlier period or of income tax in respect of a payment received by the company in that period.
- (2) So much of the repayment mentioned in sub-paragraph (1)(g) as falls to be made as a result of the claim under section 77 does not carry repayment interest.
- (3) But sub-paragraph (2) does not apply (and, accordingly, the amount mentioned in that sub-paragraph carries repayment interest) after the expiry of 9 months from the end of the later period.”]

#### Textual Amendments

- F1** Words in [Sch. 9 para. 10](#) substituted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 182\(2\)\(a\)](#)
- F2** Words in [Sch. 9 para. 10](#) substituted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 182\(2\)\(b\)](#)
- F3** Words in [Sch. 9 para. 10](#) inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 182\(3\)](#)
- F4** Words in [Sch. 9 para. 10](#) inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 182\(4\)](#)
- F5** Words in [Sch. 9 para. 10](#) inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 182\(5\)](#)

- 11 In Part 2 (special provision as to repayment interest start date), after paragraph 9A insert—

*“Companies: income tax and certain tax credits*

- 9B (1) This paragraph applies to—
- (a) a repayment of income tax which falls to be made in respect of a payment received by a company in an accounting period, and
  - (b) a payment of the whole or part of the tax credit comprised in any franked investment income received by a company in an accounting period.
- (2) In the case of a repayment or payment to which this paragraph applies, the repayment interest start date is the day after the end of the accounting period

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in which the payment mentioned in sub-paragraph (1)(a) or the franked investment income mentioned in sub-paragraph (1)(b) was received by the company.

*Loan by close company to participator*

- 9C (1) In the case of a repayment of tax made on a claim under section 458(3) of CTA 2010 (relief on repayment of loan made by close company to participator), the repayment interest start date is the later of dates A and B.
- (2) Date A is—
- (a) where the loan repayment date is on or after the tax due date, the date 9 months after the end of the accounting period in which the loan repayment date falls, and
  - (b) in any other case, the date 9 months after the end of the accounting period in which the loan date falls.
- (3) Date B is the date on which the tax which is to be repaid was paid to HMRC.
- (4) In this paragraph, in relation to a claim under section 458(3) of CTA 2010—
- “the loan date” is the date on which the loan or advance giving rise to the charge to tax under section 455 of that Act is made;
  - “the tax due date” is the date on which tax under that section becomes due (in accordance with subsection (3) of that section) in relation to that loan or advance;
  - “the loan repayment date” is the date on which the whole or any part of the loan or advance is repaid, released or written off.”

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