
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Paragraph 63. (See end of Document for details)

SCHEDULES

SCHEDULE 22

TONNAGE TAX

PART VII

THE RING FENCE: GENERAL PROVISIONS

Meaning of “finance cost”s

- 63 (1) For the purposes of paragraphs 61 and 62 “finance costs” means the costs of debt finance.
- (2) In calculating the costs of debt finance, the matters to be taken into account include—
- (a) any costs giving rise to a trading or non-trading debit under [^{F1}Part 5 of the Corporation Tax Act 2009] (loan relationships);
 - [^{F2}(b) any credit or debit falling to be brought into account [^{F3}in accordance with Part 7 of the Corporation Tax Act 2009 (derivative contracts)] in relation to debt finance;]
 - (c) any exchange gain or loss within the meaning given by [^{F4}section 475 of the Corporation Tax Act 2009] in relation to debt finance;
 - (d) the finance cost—
 - (i) implicit in a payment under a finance lease, or
 - (ii) payable on debt factoring or any similar transaction;
 - [^{F5}(dd) where the tonnage tax company is the lessee under a long funding operating lease, the amount deductible (or the total amount that could, if there were no tonnage tax election, be deductible) in respect of payments under the lease in computing the profits of the lessee for the purposes of corporation tax (after first making against any such amount any reductions falling to be made by virtue of [^{F6}section 379 of the Corporation Tax Act 2010]); and]
 - (e) any other costs arising from what would be considered on normal accounting principles to be a financing transaction.
- (3) No adjustment shall be made under paragraph 61 or 62 if, in calculating for a period the company’s, or as the case may be, the group’s deductible finance costs outside the ring fence, the amount taken into account in respect of costs and losses is exceeded by the amount taken into account in respect of profits and gains.
- [^{F7}(4) In this paragraph “long funding operating lease” means a long funding operating lease for the purposes of Part 2 of the Capital Allowances Act (see section 70YI(1) of that Act).]

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for the Finance Act 2000, Paragraph 63. (See end of Document for details)*

Textual Amendments

- F1** Words in Sch. 22 para. 63(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. 470(6)(a)** (with Sch. 2 Pts. 1, 2)
- F2** Sch. 22 para. 63(2)(b) substituted (24.7.2002 with effect as mentioned in s. 83(3)(4) of the amending Act) by [2002 c. 23](#), s. 83, **Sch. 27 para. 23(3)**
- F3** Words in Sch. 22 para. 63(2)(b) 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. 470(6)(b)** (with Sch. 2 Pts. 1, 2)
- F4** Words in Sch. 22 para. 63(2)(c) 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. 470(6)(c)** (with Sch. 2 Pts. 1, 2)
- F5** Sch. 22 para. 63(2)(dd) substituted (with effect in accordance with Sch. 9 para. 9(4) to the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 9 para. 9(2)**
- F6** Words in Sch. 22 para. 63(2)(dd) 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. 316(4)** (with Sch. 2)
- F7** Sch. 22 para. 63(4) inserted (with effect in accordance with Sch. 9 para. 9(4) to the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 9 para. 9(3)**

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