

## SCHEDULES

### SCHEDULE 22

#### TONNAGE TAX

##### PART II

##### TONNAGE TAX ELECTIONS

###### *Company or group election*

- 7 (1) A tonnage tax election may be made in respect of—
- (a) a qualifying single company (a “company election”), or
  - (b) a qualifying group (a “group election”).
- (2) A group election has effect in relation to all qualifying companies in the group.

###### *Method of making election*

- 8 (1) A tonnage tax election is made by notice to the Inland Revenue.
- (2) The notice must contain such particulars and be supported by such evidence as the Inland Revenue may require.

###### *Person by whom election to be made*

- 9 (1) A company election must be made by the company concerned.
- (2) A group election must be made jointly by all the qualifying companies in the group.

###### *When election may be made*

- 10 (1) A tonnage tax election may be made at any time before the end of the period of twelve months beginning with the day on which this Act is passed (“the initial period”).
- After the end of the initial period a tonnage tax election may only be made—
- (a) in the circumstances specified in the following provisions of this paragraph, or
  - (b) as provided by an order under paragraph 11 (power to provide further opportunities for election).
- (2) An election may be made after the end of the initial period in respect of a single company that—
- (a) becomes a qualifying company, and
  - (b) has not previously been a qualifying company at any time after the passing of this Act.

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Any such election must be made before the end of the period of twelve months beginning with the day on which the company became a qualifying company.

- (3) An election may be made after the end of the initial period in respect of a group that becomes a qualifying group by virtue of a member of the group becoming a qualifying company, not previously having been a qualifying company at any time after the passing of this Act.

This does not apply if the group—

- (a) was previously a qualifying group at any time after the passing of this Act, or
- (b) is substantially the same as a group that was previously a qualifying group at any such time.

An election under this sub-paragraph must be made before the end of the period of twelve months beginning with the day on which the group became a qualifying group.

- (4) This paragraph does not prevent an election being made under the provisions of Part XII of this Schedule relating to mergers and demergers.

*Power to provide further opportunities for election*

- 11 (1) The Treasury may by order provide for further periods during which tonnage tax elections may be made.
- (2) Any such order may provide for this Part of this Schedule to apply, with such consequential adaptations as appear to the Treasury to be appropriate, in relation to any such further period as it applies in relation to the initial period.

The consequential adaptations that may be made include adaptations of the references to the passing of this Act or to 1st January 2000.

*When election takes effect*

- 12 (1) The general rule is that a tonnage tax election has effect from the beginning of the accounting period in which it is made.

This is subject to the following exceptions.

- (2) A tonnage tax election cannot have effect in relation to an accounting period beginning before 1st January 2000.

If the general rule would produce that effect, the election has effect instead from the beginning of the accounting period following that in which it is made.

- (3) The Inland Revenue may agree that a tonnage tax election made before the end of the initial period shall have effect from the beginning of an accounting period earlier than that in which it is made (but not one beginning before 1st January 2000).

- (4) The Inland Revenue may agree that a tonnage tax election made before the end of the initial period shall have effect from the beginning of the accounting period following that in which it is made.

In exceptional circumstances they may agree that it shall have effect from the beginning of the accounting period following that one.

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- (5) In the case of a group election in respect of a group where the members have different accounting periods—
- (a) sub-paragraph (1), or
  - (b) any agreement under sub-paragraph (3) or (4),
- has effect in relation to each qualifying company by reference to that company's accounting periods.
- (6) A tonnage tax election under paragraph 10(2) or (3) (election in consequence of company becoming a qualifying company) has effect from the time at which the company in question became a qualifying company.

This is subject to paragraph 38(2)(a) and (b) (effect in certain cases of exceeding the 75% limit on chartered in tonnage).

*Period for which election is in force*

- 13 (1) The general rule is that a tonnage tax election remains in force until it expires at the end of the period of ten years beginning—
- (a) in the case of a company election, with the first day on which the election has effect in relation to the company;
  - (b) in the case of a group election, with the first day on which the election has effect in relation to any member of the group.

This is subject to the following exceptions.

- (2) A tonnage tax election ceases to be in force—
- (a) in the case of a company election, if the company ceases to be a qualifying company;
  - (b) in the case of a group election, if the group ceases to be a qualifying group.
- (3) A tonnage tax election may also cease to be in force under—
- (a) the provisions of Part V of this Schedule, or
  - (b) the provisions of Part XII of this Schedule relating to mergers and demergers.
- (4) This paragraph has effect subject to paragraph 15(4) (election superseded by renewal election).

*Effect of election ceasing to be in force*

- 14 A tonnage tax election that ceases to be in force ceases to have effect in relation to any company.

*Renewal election*

- 15 (1) At any time when a tonnage tax election is in force in respect of a single company or group a further tonnage tax election (a “renewal election”) may be made in respect of that company or group.
- (2) This is subject to paragraph 32(5) (training requirement: no renewal election if non-compliance notice in force).
- (3) The provisions of—

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paragraphs 7 to 9 (type of election, method of election and person by whom election to be made), and

paragraphs 13 and 14 (period for which election is in force and when election ceases to have effect),

apply in relation to a renewal election as they apply in relation to an original tonnage tax election.

(4) A renewal election supersedes the existing tonnage tax election.