



# Finance Act 2004

## 2004 CHAPTER 12

### PART 3

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

### CHAPTER 2

#### CORPORATION TAX: GENERAL

#### *Accounting practice*

#### **51 Use of different accounting practices within a group of companies**

- (1) This section applies where—
  - (a) a company (company A) prepares accounts in accordance with international accounting standards,
  - (b) another company (company B) in the same group of companies prepares accounts in accordance with UK generally accepted accounting practice,
  - (c) there is a transaction between, or a series of transactions involving, company A and company B, and
  - (d) a tax advantage would (apart from this section) be obtained by either or both of those companies in relation to the transaction or series of transactions as a result of the use of different accounting practices.
- (2) In that case the Tax Acts apply in relation to that transaction or series of transactions as if both companies prepared accounts in accordance with UK generally accepted accounting practice.
- (3) The provisions of section 170(3) to (6) of the Taxation of Chargeable Gains Act 1992 (c. 12) apply to determine for the purposes of this section whether companies are in the same group of companies.

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*Status: Point in time view as at 06/04/2007. This version of this provision has been superseded.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2004, Section 51. (See end of Document for details)*

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- (4) A series of transactions is not prevented from being a series of transactions involving company A and company B by reason only of the fact that one or more of the following is the case—
- (a) there is no transaction in the series to which both those companies are parties;
  - (b) that parties to any arrangement in pursuance of which the transactions in the series are entered into do not include one or both of those companies;
  - (c) there are one or more transactions in the series to which neither of those companies is a party.
- [<sup>F1</sup>(5) In this section “tax advantage” has the meaning given by section 840ZA of the Taxes Act 1988.]
- (6) This section has effect in relation to—
- (a) periods of account beginning on or after 1st January 2005, <sup>F2</sup>...
  - <sup>F2</sup>(b) .....

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**Textual Amendments**

- F1** S. 51(5) substituted (with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 458](#) (with [Sch. 2](#))
- F2** S. 51(6)(b) and word repealed (retrospective to 7.4.2005) by [Finance Act 2005 \(c. 7\)](#), [Sch. 4 para. 50](#), [Sch. 11 Pt. 2\(7\)](#)

**Status:**

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**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2004, Section 51.