



Taxation (International and Other Provisions) Act 2010

2010 CHAPTER 8

[^{F1}PART 10]

[^{F1}CORPORATE INTEREST RESTRICTION]

[^{F1}CHAPTER 7

GROUP-INTEREST AND GROUP-EBITDA

Group-interest

[^{F1}415 Section 414: interpretation

- (1) For the purposes of section 414 a person is treated as not being a related party of a member of the group at any time (“the relevant time”) if at the relevant time—
- (a) the person would (apart from this subsection) be a related party of the member by virtue only of section 466(2) (parties to loan relationship treated as related parties by virtue of financial assistance provided by a related party), and
 - [^{F2}(b) either—
 - (i) the condition in subsection (1A) is met, or
 - (ii) any of the conditions in subsection (2) is met in relation to the guarantee, indemnity or other financial assistance in question.]

[The condition is that—

- ^{F3}(1A) (a) the member in question is a company that has not been UK resident at any time before 29 October 2018,
- (b) the financial assistance in question is provided before that date, and
- (c) the financial assistance in question is in respect of a loan relationship, derivative contract or relevant arrangement or transaction (within the meaning

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of section 382(4)) to which the member in question is a party for the purposes of its UK property business.]

- (2) The conditions are—
- (a) that the financial assistance is provided before 1 April 2017;
 - (b) that the financial assistance is provided by a member of the group;
 - (c) that the financial assistance relates only to an undertaking in relation to—
 - (i) shares in the ultimate parent of the group, or
 - (ii) loans to a member of the group;
 - (d) that the financial assistance is a non-financial guarantee.
- (3) Financial assistance is “a non-financial guarantee” if—
- (a) it guarantees the performance by any person of contractual obligations to provide goods or services to a member of the group,
 - (b) it is given by the person providing the goods or services or by a related party of that person, and
 - (c) the maximum amount for which the guarantor is liable does not exceed the consideration given under the contract for the provision of the goods or services.
- (4) The reference in section 414(3)(b) to “results-dependent securities” is (subject to subsection (8)) to securities issued by an entity where the consideration given by the entity for the use of the principal secured depends (to any extent) on—
- (a) the results of the entity's business, or
 - (b) the results of the business of any other entity that was a member of the group at any time during the period of account of the group.
- In this subsection references to a business include part of a business.
- (5) For the purposes of subsection (4) the consideration given by the entity for the use of the principal secured does not fall within paragraph (a) or (b) of that subsection merely because the terms of the security provide—
- (a) for the consideration to be reduced if the results mentioned in that paragraph improve, or
 - (b) for the consideration to be increased if the results mentioned in that paragraph deteriorate.
- (6) An amount does not fall within section 414(3)(b) so far as it is relevant alternative finance return (within the meaning given by section 1019(2) of CTA 2010).
- [^{F4}(7) For the purposes of section 414(3)(c), a “relevant equity note” is a security that—
- (a) is an equity note within the meaning of section 1016 of CTA 2010, by reference to satisfying a test in subsection (2) of that section, and
 - (b) would satisfy that test if the “permitted period” for the purposes of that section were the period of 100 years beginning with the date of the security's issue.]

^{F5}(8)]

Textual Amendments

F1 Pt. 10: the existing Pt. 10 renumbered as Pt. 11 (except for ss. 375, 376 which are repealed), the existing ss. 372-374, 377-382 renumbered as ss. 499-507 and a new Pt. 10 (ss. 372-498) inserted (with

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effect in accordance with Sch. 5 para. 25(1)-(3) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), Sch. 5 para. 1, **10(1)(2)(a)(3)** (with Sch. 5 paras. 27, 32-34)

- F2** S. 415(1)(b) substituted (6.4.2020) by Finance Act 2019 (c. 1), **Sch. 5 paras. 33(2), 35** (with Sch. 5 para. 36)
- F3** S. 415(1A) inserted (6.4.2020) by Finance Act 2019 (c. 1), **Sch. 5 paras. 33(3), 35** (with Sch. 5 para. 36)
- F4** S. 415(7) substituted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by Finance (No. 2) Act 2023 (c. 30), **Sch. 3 para. 11**
- F5** S. 415(8) omitted (with effect in accordance with Sch. 20 para. 10(b) of the amending Act) by virtue of Finance Act 2019 (c. 1), **Sch. 20 para. 8(3)**

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