

*Status: Point in time view as at 17/07/2013.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2013, SCHEDULE 49. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 49 **U.K.**

Section 229

#### CORPORATION TAX: DEFERRAL OF PAYMENT OF EXIT CHARGE

##### *Amendments of TMA 1970*

- 1 TMA 1970 is amended in accordance with paragraphs 2 to 6.  
2 After section 59F insert—

##### **“59FA Exit charge payment plans**

- (1) Schedule 3ZB contains provisions about exit charge payment plans in accordance with which companies may defer payment of certain corporation tax.
- (2) Parts 1 and 2 of the Schedule each make provision about the circumstances in which an exit charge payment plan may be entered into, and about determining the amount of corporation tax that may be deferred—
- (a) see Part 1 in relation to a company which ceases to be resident in the United Kingdom, and
  - (b) see Part 2 in relation to a company which is not resident in the United Kingdom but which carries on, or has carried on, a trade in the United Kingdom through a permanent establishment there.
- (3) Part 3 of the Schedule contains provision about—
- (a) entering into an exit charge payment plan,
  - (b) the effect of such a plan,
  - (c) the content of such a plan, and
  - (d) the methods in accordance with which tax deferred under such a plan may be paid.”

3 Immediately before section 59G insert— “ *Managed payment plans* ”.

- 4 (1) Section 109B (provision for securing payment by company of outstanding tax) is amended as follows.
- (2) In subsection (1), at the end insert “ , subject to subsection (5A). ”
- (3) In subsection (4)(b), at the end insert “ (which may include a proposal to enter into an exit charge payment plan in accordance with Schedule 3ZB). ”
- (4) After subsection (5) insert—

“(5A) Condition D does not apply to the extent that payment of the tax is to be secured by the company entering into an exit charge payment plan in accordance with Schedule 3ZB.”

5 (1) Section 109E (liability of other persons for unpaid tax) is amended as follows.

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- (2) After subsection (1) insert—
- “(1A) The reference in subsection (1)(b) to the time when tax becomes payable is a reference to—
- (a) in a case where an exit charge payment plan has been entered into in accordance with Schedule 3ZB in respect of the tax, the time when the tax becomes payable under the plan, and
  - (b) in any other case, the time when the tax becomes payable in accordance with section 59D or 59E.”
- (3) In subsection (2), for “the time when the amount of the tax is finally determined” substitute “the relevant time”.
- (4) After subsection (2) insert—
- “(2A) In subsection (2) the “relevant time” means—
- (a) in a case where an exit charge payment plan has been entered into in accordance with Schedule 3ZB in respect of the tax, the later of—
    - (i) the first day after the period of 12 months beginning immediately after the migration accounting period (as defined in Part 1 or 2 of Schedule 3ZB, as the case may be), and
    - (ii) the date on which the tax is payable under the plan, and
  - (b) in any other case, the time when the amount of the tax is finally determined.”
- 6 After Schedule 3ZA insert—

“SCHEDULE  
3ZB **U.K.**

EXIT CHARGE PAYMENT PLANS

**PART 1 U.K.**

COMPANY CEASING TO BE RESIDENT IN UK

*Circumstances in which exit charge payment plan may be entered into*

- 1 (1) This Part of this Schedule and Part 3 of this Schedule apply where an eligible company—
- (a) ceases to be resident in the United Kingdom,
  - (b) on ceasing to be so resident, becomes resident in another EEA state, and
  - (c) is liable to pay qualifying corporation tax in respect of the migration accounting period.
- (2) The company may defer payment of some or all of the qualifying corporation tax if it enters into an exit charge payment plan in respect of it in accordance with this Schedule.

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- (3) The company may enter into an exit charge payment plan only if conditions A to C are met.
- (4) Condition A is that before the end of the period of 9 months beginning immediately after the migration accounting period—
- (a) an application to enter into the exit charge payment plan is made to Her Majesty's Revenue and Customs, and
  - (b) the application contains details of all the matters which are required by Part 3 of this Schedule to be specified in the plan.
- (5) Condition B is that on ceasing to be resident in the United Kingdom, the company carries on a business in an EEA state.
- (6) Condition C is that, on becoming resident in the other EEA state, the company is not treated as resident in a territory outside the European Economic Area for the purposes of any double taxation arrangements.
- (7) In this paragraph—
- “double taxation arrangements” means arrangements which are made by two or more territories with a view to affording relief from double taxation and which have effect at the time when the company ceases to be resident in the United Kingdom;
- “eligible company” means a company that has a right to freedom of establishment protected by Article 49 of the Treaty on the functioning of the European Union or established by Article 31 of the Agreement on the European Economic Area.
- (8) In this Part of this Schedule—
- (a) references to the migration accounting period are to—
    - (i) in a case where an accounting period comes to an end on the company ceasing to be resident in the United Kingdom, that accounting period, and
    - (ii) in a case not falling within sub-paragraph (i), the accounting period during which the company ceases to be resident in the United Kingdom,
  - (b) references to a Part 1 company are to a company in relation to which this Part of this Schedule applies, and
  - (c) references to Part 3 of this Schedule are to Part 3 of this Schedule as it applies to a Part 1 company.

#### *Qualifying corporation tax*

- 2 (1) The company is liable to pay qualifying corporation tax in respect of the migration accounting period if CT1 is greater than CT2 where—
- CT1 is the corporation tax which the company is liable to pay for the accounting period, and
- CT2 is the corporation tax which the company would be liable to pay for the accounting period if any income, profits, gains, losses or debits arising only by virtue of the exit charge provisions were ignored, (CT2 will be zero if the company would not be liable to pay any corporation tax for the period).

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- (2) The amount of qualifying corporation tax which the company is liable to pay is the difference between CT1 and CT2.
- (3) “Exit charge provisions” means—
- (a) section 185 of the 1992 Act,
  - (b) section 187(4) of that Act, where that subsection applies by virtue of section 187(4)(c),
  - (c) section 162 of CTA 2009, where that section applies by virtue of section 41(2)(b) of that Act,
  - (d) section 333 of that Act,
  - (e) section 609 of that Act,
  - (f) section 859 of that Act, where that section applies by virtue of section 859(2)(a), and
  - (g) section 862 of that Act, where that section applies by virtue of section 862(1)(c).
- (4) References in this Part of this Schedule and Part 3 of this Schedule to qualifying corporation tax are to be read in accordance with this paragraph.

*Interpretation: exit charge assets and liabilities*

- 3 (1) This paragraph applies for the purposes of this Part of this Schedule and Part 3 of this Schedule.
- (2) “Exit charge assets” and “exit charge liabilities” means assets or liabilities (as the case may be) in respect of which income, profits or gains arise in the migration accounting period by virtue of the exit charge provisions, and in particular—
- (a) “TCGA or trading stock exit charge assets” means those exit charge assets, other than pre-FA 2002 intangible fixed assets, in respect of which income, profits or gains arise by virtue of the exit charge provision mentioned in paragraph 2(3)(a), (b) or (c),
  - (b) “financial exit charge assets or liabilities” means those exit charge assets or liabilities in respect of which income, profits or gains arise by virtue of the exit charge provision mentioned in paragraph 2(3) (d) or (e),
  - (c) “intangible exit charge assets” means—
    - (i) those exit charge assets in respect of which income, profits or gains arise by virtue of the exit charge provision mentioned in paragraph 2(3)(f) or (g), and
    - (ii) those exit charge assets which are pre-FA 2002 intangible fixed assets in respect of which income, profits or gains arise by virtue of the exit charge provision mentioned in paragraph 2(3)(a) or (b).
- (3) In sub-paragraph (2)—
- (a) “exit charge provisions” has the meaning given in paragraph 2(3);
  - (b) “pre-FA 2002 intangible fixed asset” means an intangible fixed asset which is a pre-FA 2002 asset (as defined in section 881 of CTA 2009).

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## PART 2 **U.K.**

### NON-UK RESIDENT COMPANIES WITH UK PERMANENT ESTABLISHMENTS

#### *Circumstances in which exit charge payment plan may be entered into*

- 4 (1) This Part of this Schedule and Part 3 of this Schedule apply where—
- (a) at any time during an accounting period (“the migration accounting period”) an eligible company which is not resident in the United Kingdom carries on a trade in the United Kingdom through a permanent establishment there,
  - (b) one or more PE qualifying events occurs in respect of any assets or liabilities of the company as mentioned in sub-paragraph (4), and
  - (c) the company is liable to pay qualifying corporation tax in respect of the migration accounting period.
- (2) The company may defer payment of some or all of the qualifying corporation tax if it enters into an exit charge payment plan in respect of it in accordance with this Schedule.
- (3) The company may enter into an exit charge payment plan only if before the end of the period of 9 months beginning immediately after the migration accounting period—
- (a) an application to enter into the exit charge payment plan is made to Her Majesty's Revenue and Customs, and
  - (b) the application contains details of all the matters which are required by Part 3 of this Schedule to be specified in the plan.
- (4) For the purposes of this Part of this Schedule, a “PE qualifying event” occurs in respect of an asset or liability of a company if—
- (a) an event occurs which triggers—
    - (i) a deemed disposal and reacquisition of the asset or liability under the exit charge provision mentioned in paragraph 5(3)(a), (c), (d) or (e), or
    - (ii) a valuation of the asset under the exit charge provision mentioned in paragraph 5(3)(b),
  - (b) the event—
    - (i) occurs during the migration accounting period, or
    - (ii) causes the migration accounting period to come to an end, and
  - (c) at the time of the event, the company is not treated as resident in a territory outside the European Economic Area for the purposes of any double taxation arrangements.
- (5) In this Part of this Schedule, references to a PE qualifying asset or liability are to an asset or liability in respect of which a PE qualifying event occurs.
- (6) In this paragraph “double taxation arrangements” and “eligible company” have the meanings given in paragraph 1(7).
- (7) In this Part of this Schedule—

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- (a) references to the migration accounting period are to be read in accordance with this paragraph;
- (b) references to a Part 2 company are to a company in relation to which this Part of this Schedule applies,
- (c) references to Part 3 of this Schedule are to Part 3 of this Schedule as it applies to a Part 2 company, and
- (d) “permanent establishment”, in relation to a company, is to be read in accordance with Chapter 2 of Part 24 of CTA 2010.

*Qualifying corporation tax*

- 5 (1) The company is liable to pay qualifying corporation tax in respect of the migration accounting period if CT1 is greater than CT2 where—
- CT1 is the corporation tax which the company is liable to pay for the accounting period, and
- CT2 is the corporation tax which the company would be liable to pay for the accounting period if any income, profits, gains, losses or debits arising as a result of any PE qualifying events, and arising only by virtue of the exit charge provisions, were ignored,
- (CT2 will be zero if the company would not be liable to pay any corporation tax for the period).
- (2) The amount of qualifying corporation tax which the company is liable to pay is the difference between CT1 and CT2.
- (3) Exit charge provisions means—
- (a) section 25 of the 1992 Act,
  - (b) section 162 of CTA 2009, where that section applies by virtue of section 41(2)(b) of that Act,
  - (c) section 334 of that Act,
  - (d) section 610 of that Act, and
  - (e) section 859 of that Act, where that section applies by virtue of section 859(2)(b).
- (4) References in this Part of this Schedule and Part 3 of this Schedule to qualifying corporation tax are to be read in accordance with this paragraph.

*Interpretation: exit charge assets and liabilities*

- 6 (1) This paragraph applies for the purposes of this Part of this Schedule and Part 3 of this Schedule.
- (2) “Exit charge assets” and “exit charge liabilities” means any PE qualifying assets or liabilities (as the case may be) in respect of which income, profits or gains arise in the migration accounting period by virtue of the exit charge provisions, and in particular—
- (a) “TCGA or trading stock exit charge assets” means those exit charge assets, other than pre-FA 2002 intangible fixed assets, in respect of which income, profits or gains arise by virtue of the exit charge provision mentioned in paragraph 5(3)(a) or (b);
  - (b) “financial exit charge assets or liabilities” means those exit charge assets or liabilities in respect of which income, profits or gains arise

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- by virtue of the exit charge provision mentioned in paragraph 5(3) (c) or (d);
- (c) “intangible exit charge assets” means—
- (i) those exit charge assets in respect of which income, profits or gains arise by virtue of the exit charge provision mentioned in paragraph 5(3)(e), and
  - (ii) those exit charge assets which are pre-FA 2002 intangible fixed assets in respect of which income, profits or gains arise by virtue of the exit charge provision mentioned in paragraph 5(3)(a).
- (3) In sub-paragraph (2)—
- (a) “exit charge provisions” has the meaning given in paragraph 5(3);
  - (b) “pre-FA 2002 intangible fixed asset” means an intangible fixed asset which is a pre-FA 2002 asset (as defined in section 881 of CTA 2009).

### **PART 3** **U.K.**

#### ENTERING INTO AN EXIT CHARGE PAYMENT PLAN

##### *Introduction*

- 7 (1) As to when this Part of this Schedule applies, see—
- (a) Part 1 of this Schedule (companies ceasing to be resident in the United Kingdom), and
  - (b) Part 2 of this Schedule (companies with permanent establishments in the United Kingdom).
- (2) In this Part of this Schedule, as it applies to a company in relation to which Part 1 of this Schedule applies, terms and expressions which are used in this Part and in that Part have the same meanings in this Part as in that Part.
- (3) In this Part of this Schedule, as it applies to a company in relation to which Part 2 of this Schedule applies, terms and expressions which are used in this Part and in that Part have the same meanings in this Part as in that Part.

##### *Entering into an exit charge payment plan*

- 8 (1) A Part 1 company or a Part 2 company enters into an exit charge payment plan in respect of qualifying corporation tax in accordance with this Schedule if—
- (a) the company agrees to pay, and an officer of Revenue and Customs agrees to accept payment of, the tax in accordance with the standard instalment method (see paragraph 13) or the realisation method (see paragraphs 14 to 17) or a combination of the two methods,
  - (b) the company agrees to pay interest on the tax in accordance with paragraph 9(3), and
  - (c) the plan meets the requirements set out in paragraphs 10 to 12 as to the matters that must be specified in it.

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- (2) The exit charge payment plan may, in the circumstances mentioned in sub-paragraph (3), contain appropriate provision regarding security for Her Majesty's Revenue and Customs in respect of the deferred payment of the tax.
- (3) Those circumstances are where an officer of Her Majesty's Revenue and Customs considers that agreeing to accept payment of qualifying corporation tax in accordance with the plan would present a serious risk as to collection of the tax in the absence of provision regarding security in respect of that tax.
- (4) An exit charge payment plan is void if any information furnished by the company in connection with the plan does not fully and accurately disclose all facts and considerations material to the decision of the officer of Revenue and Customs to accept payment of qualifying corporation tax in accordance with the plan.

*Effect of exit charge payment plan*

- 9 (1) This paragraph applies where an exit charge payment plan is entered into by a company in respect of qualifying corporation tax in accordance with this Schedule.
- (2) As regards when the tax is payable—
  - (a) the plan does not prevent the tax becoming due and payable under section 59D or 59E, but
  - (b) the Commissioners for Her Majesty's Revenue and Customs—
    - (i) may not seek payment of the tax otherwise than in accordance with the plan;
    - (ii) may make repayments in respect of any amount of the tax paid, or any amount paid on account of the tax, before the plan is entered into.
- (3) As regards interest—
  - (a) the tax carries interest in accordance with Part 9 as if the plan had not been entered into, and
  - (b) each time a payment is made under the plan, it is to be paid together with any interest payable on it.
- (4) As regards penalties, the company will be liable to penalties for late payment of the tax only if it fails to make payments in accordance with the plan (see item 6ZA of the Table at the end of paragraph 1 of Schedule 56 to the Finance Act 2009).
- (5) Qualifying corporation tax payable in accordance with an exit charge payment plan which is for the time being unpaid may be paid at any time before it becomes payable under the plan together with interest payable on it to the date of payment.

*Content of exit charge payment plan*

- 10 (1) An exit charge payment plan entered into by a Part 1 company must specify—



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- (a) the date on which the company ceased to be resident in the United Kingdom, and
  - (b) the EEA state in which the company has become resident.
- (2) An exit charge payment plan entered into by a Part 2 company must specify—
- (a) the EEA state in which the company is resident, and
  - (b) if the company has ceased to carry on a trade in the United Kingdom through a permanent establishment there, the date on which it ceased to do so.
- (3) In either case an exit charge payment plan entered into by a company must also specify—
- (a) the amount of qualifying corporation tax which, in the company's opinion, is payable by it in respect of the migration accounting period,
  - (b) the amount of that qualifying corporation tax which the company wishes to defer paying under the exit charge payment plan (“ECPP tax”), and
  - (c) whether the ECPP tax is to be paid in accordance with—
    - (i) the standard instalment method (see paragraph 13),
    - (ii) the realisation method (see paragraphs 14 to 17), or
    - (iii) a combination of the two methods.
- (4) If the ECPP tax is to be paid in accordance with a combination of the two methods, the exit charge payment plan must also specify—
- (a) in the case of each of the company's exit charge assets or liabilities (see paragraphs 3(2) or 6(2), as the case may be), the method in accordance with which the amount of ECPP tax attributable to the asset or liability (see sub-paragraph (6)) is to be paid, and
  - (b) the amount of the ECPP tax specified under sub-paragraph (3)(b) that is to be paid in accordance with each method.
- (5) But an exit charge payment plan may specify that any ECPP tax is to be paid in accordance with the standard instalment method only if—
- (a) in the case of a plan entered into by a Part 1 company, the company's ceasing to be resident in the United Kingdom is not part of arrangements the main purpose of which, or one of the main purposes of which, is to defer the payment of any qualifying corporation tax payable by it;
  - (b) in the case of a plan entered into by a Part 2 company, none of the PE qualifying events occurring during the migration accounting period, or bringing that period to an end, is part of arrangements the main purpose of which, or one of the main purposes of which, is to defer the payment of any qualifying corporation tax payable by it.
- (6) The amount of ECPP tax attributable to each exit charge asset or liability is—

$$\frac{A}{B} \times T$$

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where—

“A” is the income, profits or gains arising in respect of the asset or liability in the migration accounting period by virtue of the relevant exit charge provision only,

“B” is the total income, profits or gains arising in respect of all the exit charge assets and liabilities in the migration accounting period by virtue of the exit charge provisions only, and

“T” is the ECPP tax.

*Content: realisation method*

- 11 (1) This paragraph applies if, under an exit charge payment plan, the amount of ECPP tax attributable to any exit charge asset or liability is to be paid in accordance with the realisation method.
- (2) The plan must specify—
- (a) each such asset or liability (so far as not already specified under paragraph 10(4)(a)), and
  - (b) the amount of ECPP tax attributable to the asset or liability, calculated in accordance with paragraph 10(6).
- (3) The plan must also include requirements as to the ongoing provision of information by the company to Her Majesty's Revenue and Customs in relation to the asset or liability.

*Content: additional information relating to assets and liabilities*

- 12 (1) This paragraph applies if, under an exit charge payment plan, the amount of ECPP tax attributable to an exit charge asset or liability is to be paid in accordance with the realisation method.
- (2) The plan must specify any additional information required by this paragraph in relation to the asset or liability.
- (3) Sub-paragraph (4) applies in the case of a financial exit charge asset or liability if, immediately after the migration accounting period, the remaining term of the loan relationship or derivative contract in question is less than 10 years.
- (4) The plan must specify, in relation to the asset or liability, how many years of the term of the loan relationship or derivative contract remain (rounded up to the nearest whole year).
- (5) Sub-paragraph (6) applies in the case of an intangible exit charge asset if, immediately after the migration accounting period, the remaining useful life of the asset for accountancy purposes is less than 10 years.
- (6) The plan must specify, in relation to the asset, how many years of the useful life of the asset remain (rounded up to the nearest whole year).

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*The standard instalment method*

- 13 (1) This paragraph applies if, under an exit charge payment plan, some or all of the ECPP tax is to be paid in accordance with the standard instalment method.
- (2) The amount of the ECPP tax that is to be paid in accordance with the standard instalment method is payable in 6 instalments of equal amounts as follows—
- (a) the first instalment is due on the first day after the period of 9 months beginning immediately after the migration accounting period, and
  - (b) the other 5 instalments are due one on each of the first 5 anniversaries of that day.
- (3) But if a relevant event occurs, the outstanding balance of the ECPP tax that is payable in accordance with the standard instalment method is payable on the date on which the next instalment of that tax would otherwise have been due under the plan.
- (4) A “relevant event” means—
- (a) the company becoming insolvent or entering into administration,
  - (b) the appointment of a liquidator,
  - (c) any event under the law of an EEA state outside the United Kingdom corresponding to an event specified in paragraph (a) or (b), or
  - (d) the company ceasing to be resident in an EEA state and, on so ceasing, not becoming resident in any other EEA state.

*The realisation method: TCGA or trading stock exit charge assets*

- 14 (1) This paragraph applies if—
- (a) under an exit charge payment plan, the amount of ECPP tax attributable to an exit charge asset is to be paid in accordance with the realisation method, and
  - (b) the asset is a TCGA or trading stock exit charge asset (see paragraph 3(2)(a) or 6(2)(a), as the case may be).
- (2) The amount of ECPP tax attributable to the asset under paragraph 10(6) is payable in relation to whichever is the first to occur of the following events—
- (a) the disposal of that asset at any time after—
    - (i) the company ceases to be resident in the United Kingdom (in the case of a Part 1 company), or
    - (ii) the occurrence of the PE qualifying event in respect of the asset (in the case of a Part 2 company),
  - (b) the tenth anniversary of the end of the migration accounting period, or
  - (c) a relevant event (as defined in paragraph 13(4)).
- (3) The date on which the amount is payable is—
- (a) in a case falling within sub-paragraph (2)(a) or (b), the date of the event referred to, and
  - (b) in a case falling within sub-paragraph (2)(c), the relevant date or, if that date has already passed, the next anniversary of that date.

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- (4) In sub-paragraph (3)(b), “relevant date” means the first day after the period of 9 months beginning immediately after the migration accounting period.
- (5) Section 21(2) of the 1992 Act (part disposals of assets) applies for the purposes of sub-paragraph (2)(a) as it applies for the purposes of that Act.
- (6) Where part of an asset is disposed of at any time after the event mentioned in sub-paragraph (2)(a), the amount of ECPP tax attributable to the asset under paragraph 10(6) is to be apportioned on a just and reasonable basis for the purpose of applying this paragraph to the part of the asset disposed of and the part which remains undisposed of.

*The realisation method: other exit charge assets and liabilities*

- 15 (1) This paragraph applies if—
- (a) under an exit charge payment plan, the ECPP tax attributable to an exit charge asset or liability is to be paid in accordance with the realisation method, and
  - (b) the asset or liability is—
    - (i) a financial exit charge asset or liability, or
    - (ii) an intangible exit charge asset,
 (see paragraph 3(2)(b) and (c) or 6(2)(b) and (c), as the case may be).
- (2) The amount of ECPP tax attributable to any such asset or liability under paragraph 10(6) is payable in a number of annual instalments of equal amounts.
- (3) The number of annual instalments is—
- (a) in a case where a number of years is specified in the plan in relation to the asset or liability by virtue of paragraph 12(4) or (6), that number, and
  - (b) otherwise, 10.
- (4) The instalments are due as follows—
- (a) the first instalment is due on the first day after the period of 9 months beginning immediately after the migration accounting period, and
  - (b) the other instalments are due one on each of the subsequent anniversaries of that day (until they are all paid).
- (5) But see paragraphs 16 and 17 for circumstances in which all or part of the outstanding balance of the amount of ECPP tax attributable to the asset or liability under paragraph 10(6) (“the outstanding balance in respect of the asset or liability”) becomes payable.

*Outstanding balance becoming payable in full*

- 16 (1) This paragraph applies where the amount of ECPP tax attributable to an asset or liability under paragraph 10(6) is payable in instalments in accordance with paragraph 15.
- (2) All of the outstanding balance in respect of the asset or liability (as defined in paragraph 15(5)) is payable in accordance with sub-paragraph (3) if—

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- (a) a trigger event occurs in relation to the asset or liability (see sub-paragraph (4)), or
  - (b) a relevant event occurs (as defined in paragraph 13(4)),  
before the last instalment is payable in accordance with paragraph 15.
- (3) The outstanding balance is payable—
- (a) in a case falling within sub-paragraph (2)(a), on the date of the trigger event, and
  - (b) in a case falling within sub-paragraph (2)(b), on the date on which the next instalment would otherwise have been due under the plan.
- (4) For the purposes of this paragraph, a trigger event occurs in relation to an asset or liability if—
- (a) in the case of a financial exit charge asset or liability, the company ceases to be party to the loan relationship or derivative contract in question, or
  - (b) in the case of an intangible fixed asset, the asset is disposed of.

*Outstanding balance becoming payable in part*

- 17 (1) This paragraph applies where—
- (a) the amount of ECPP tax attributable to an asset or liability under paragraph 10(6) is payable in instalments in accordance with paragraph 15, and
  - (b) a partial trigger event occurs in relation to the asset or liability (see sub-paragraph (4)) before the last instalment is payable.
- (2) On the occurrence of that event, part of the outstanding balance in respect of the asset or liability (as defined in paragraph 15(5)) is payable.
- (3) The part payable under sub-paragraph (2) is so much of the outstanding balance in respect of the asset or liability as is attributable to the transaction mentioned in sub-paragraph (4)(a) or (b).
- (4) For the purposes of sub-paragraph (2), a partial trigger event occurs in relation to an asset or liability if—
- (a) in the case of a financial exit charge asset or liability—
    - (i) there is a disposal of rights or liabilities under the loan relationship or derivative contract in question which amounts to a related transaction (as defined in section 304 or 596 of CTA 2009 as the case may be), but
    - (ii) the transaction does not result in the company ceasing to be party to the relationship or contract, and
  - (b) in the case of an intangible exit charge asset, there is a transaction which—
    - (i) results in a reduction in the accounting value of the asset, but
    - (ii) does not result in the asset ceasing to be recognised in the company's balance sheet.
- (5) Where part of the outstanding balance in respect of an asset or liability is paid in accordance with sub-paragraphs (2) and (3), the remaining instalments due under paragraph 15 in respect of the asset or liability continue to be

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payable so far as they relate to the remaining asset or liability (subject to paragraph 16 and this paragraph).

- (6) In sub-paragraph (5), the “remaining asset or liability” means—
- (a) in a case within sub-paragraph (4)(a), the loan relationship or derivative contract as it exists following the related transaction,
  - (b) in a case within sub-paragraph (4)(b), the asset as it continues to be recognised on the balance sheet following the transaction mentioned in that sub-paragraph.
- (7) For the purposes of sub-paragraphs (3) and (5)—
- (a) the outstanding balance in respect of the asset or liability, and
  - (b) the remaining instalments due under paragraph 15 in respect of the asset or liability,
- are to be apportioned on a just and reasonable basis between the transaction mentioned in sub-paragraph (4)(a) or (b) and the remaining asset or liability.
- (8) In relation to an intangible exit charge asset that has no balance sheet value (or no longer has a balance sheet value), sub-paragraph (4)(b) applies as if, immediately before the transaction, it did have a balance sheet value.”

*Amendments of FA 2009*

- 7 In Schedule 56 to FA 2009 (penalty for failure to make payments on time), in the Table at the end of paragraph 1, after entry 6 insert—

|      |                 |   |   |
|------|-----------------|---|---|
| “6ZA | Corporation tax | Amount payable under an exit charge payment plan entered into in accordance with Schedule 3ZB to TMA 1970 | The later of—<br>(a) the first day after the period of 12 months beginning immediately after the migration accounting period (as defined in Part 1 or 2 of Schedule 3ZB to TMA 1970, as the case may be), and<br>(b) the date on which the amount is payable under the plan.” |
|------|-----------------|---|---|

*Commencement*

- 8 (1) The amendments made by this Schedule are treated as having come into force on 11 December 2012 in relation to an accounting period if the relevant day, in relation to that period, falls on or after 11 December 2012.
- (2) In sub-paragraph (1) “the relevant day”, in relation to an accounting period, means the first day after the period of 9 months beginning immediately after the accounting period.
- (3) But if the relevant day falls between 11 December 2012 and 31 March 2013 (inclusive), paragraphs 1(4) and 4(3) of Schedule 3ZB to TMA 1970 (inserted by

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this Schedule) have effect as if, in each case, for “before the end of the period of 9 months beginning immediately after the migration accounting period” there were substituted “ on or before 31 March 2013 ”.

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