



Finance Act 2014

2014 CHAPTER 26

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 3

CORPORATION TAX: GENERAL

30 Avoidance schemes involving the transfer of corporate profits

- (1) In Chapter 1 of Part 20 of CTA 2009 (general calculation rules: restriction on deductions), after section 1305 insert—

“1305A Avoidance schemes involving the transfer of corporate profits

- (1) This section applies if—
- (a) two companies (“A” and “B”) are party to any arrangements (whether or not at the same time),
 - (b) A and B are members of the same group,
 - (c) the arrangements result in what is, in substance, a payment (directly or indirectly) from A to B of all or a significant part of the profits of the business of A or of a company which is a member of the same group as A or B (or both) (“the profit transfer”), and
 - (d) the main purpose or one of the main purposes of the arrangements is to secure a tax advantage for any person involving the profit transfer (whether by circumventing section 695A (disguised distribution arrangements: derivative contracts) or otherwise).
- (2) A's profits are to be calculated for corporation tax purposes as if the profit transfer had not occurred.
- (3) Accordingly—

Changes to legislation: *Finance Act 2014, Section 30 is up to date with all changes known to be in force on or before 20 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

- (a) if (apart from this section) an amount relating to the profit transfer would be brought into account by A as a deduction in that calculation, no deduction is allowed in respect of that amount, and
 - (b) A's profits are to be increased by so much of the amount of the profit transfer as is not an amount to which paragraph (a) applies (whether or not the profits transferred would be A's profits apart from the arrangements).
- (4) For the purposes of this section a company is a member of the same group as another company if it is (or has been) a member of the same group at a time when the arrangements mentioned in subsection (1) have effect.
- (5) Where in relation to arrangements involving one or more derivative contracts the requirements of section 695A(1)(a) to (e) are met, nothing in this section applies in relation to any debit in respect of any of those contracts.
- (6) In this section—
- “arrangements” includes any scheme, arrangement or understanding of any kind, whether or not legally enforceable, involving a single transaction or two or more transactions;
 - “group” has the meaning given by section 357GD of CTA 2010;
 - “tax advantage” has the meaning given by section 1139 of CTA 2010.”
- (2) The amendment made by this section has effect in relation to payments made on or after 19 March 2014.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 31 para. 2(3)(b) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(iii\)](#)
- Sch. 31 para. 2(4A) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(c\)](#)
- Sch. 31 para. 3(1A) inserted by [2017 c. 32 Sch. 14 para. 45\(3\)\(b\)](#)
- Sch. 31 para. 5(b) inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(c\)](#)
- Sch. 31 para. 2(3)(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(ii\)](#)
- Sch. 31 para. 5(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(b\)](#)
- Sch. 31 para. 2(3)(a) words renumbered as Sch. 31 para. 2(3)(a) by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(i\)](#)
- Sch. 31 para. 5(a) words renumbered as Sch. 31 para. 5(a) by [2017 c. 32 Sch. 14 para. 45\(4\)\(a\)](#)
- Sch. 32 para. 1(2)(b) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(iii\)](#)
- Sch. 32 para. 1(3A) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(c\)](#)
- Sch. 32 para. 1(2)(a) words inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(ii\)](#)
- Sch. 32 para. 1(2)(a) words renumbered as Sch. 32 para. 1(2)(a) by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(i\)](#)