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SCHEDULES

SCHEDULE 8

TAX RELIEF FOR PRODUCTION OF ORCHESTRAL CONCERTS

PART 2

CONSEQUENTIAL AMENDMENTS

CTA 2010

- 13 In Part 8B of CTA 2010 (trading profits taxable at Northern Ireland rate), in section 357H(7) (introduction), after “Chapter 14 for provision about theatrical productions;” insert “Chapter 14A for provision about orchestra tax relief;”.
- 14 In Part 8B of CTA 2010, after section 357UI insert—

“CHAPTER 14A

ORCHESTRA TAX RELIEF

Introductory

357UJ Introduction and interpretation

- (1) This Chapter makes provision about the operation of Part 15D of CTA 2009 (orchestra tax relief) in relation to expenditure incurred by a company in an accounting period in which it is a Northern Ireland company.
- (2) In this Chapter—
 - (a) “Northern Ireland expenditure” means expenditure incurred in a trade to the extent that the expenditure forms part of the Northern Ireland profits or Northern Ireland losses of the trade;
 - (b) the “separate orchestral trade” has the same meaning as in Part 15D of CTA 2009 (see section 1217Q(6) of that Act);
 - (c) “qualifying expenditure” has the same meaning as in Chapter 3 of that Part (see section 1217RF of that Act).
- (3) References in Part 15D of CTA 2009 to “orchestra tax relief” include relief under this Chapter.

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Orchestra tax relief

357UK Northern Ireland additional deduction

- (1) In this Chapter “a Northern Ireland additional deduction” means so much of a deduction under section 1217RD of CTA 2009 (claim for additional deduction) as is calculated by reference to qualifying expenditure that is Northern Ireland expenditure.
- (2) A Northern Ireland additional deduction forms part of the Northern Ireland profits or Northern Ireland losses of the separate orchestral trade.

357UL Northern Ireland supplementary deduction

- (1) This section applies where—
 - (a) a company is entitled under section 1217RD of CTA 2009 to an additional deduction in calculating the profit or loss of the separate orchestral trade in an accounting period,
 - (b) the company is a Northern Ireland company in the period,
 - (c) the additional deduction is wholly or partly a Northern Ireland additional deduction, and
 - (d) any of the following conditions is met—
 - (i) the company does not have a surrenderable loss in the accounting period;
 - (ii) the company has a surrenderable loss in the accounting period, but does not make a claim under section 1217RG of CTA 2009 (orchestra tax credit claimable if company has surrenderable loss) for the period;
 - (iii) the company has a surrenderable loss in the accounting period and makes a claim under that section for the period, but the amount of Northern Ireland losses surrendered on the claim is less than the Northern Ireland additional deduction.
- (2) The company is entitled to make another deduction (“a Northern Ireland supplementary deduction”) in respect of qualifying expenditure.
- (3) See section 357UM for provision about the amount of the Northern Ireland supplementary deduction.
- (4) The Northern Ireland supplementary deduction—
 - (a) is made in calculating the profit or loss of the separate orchestral trade, and
 - (b) forms part of the Northern Ireland profits or Northern Ireland losses of the separate orchestral trade.
- (5) In this section “surrenderable loss” has the meaning given by section 1217RH of CTA 2009.

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357UM Northern Ireland supplementary deduction: amount

- (1) This section contains provision for the purposes of section 357UL(2) about the amount of the Northern Ireland supplementary deduction.
- (2) If the accounting period falls within only one financial year, the amount of the Northern Ireland supplementary deduction is—

$$(A - B) \times \left(\frac{MR - NIR}{NIR} \right)$$

where—

A is the amount of the Northern Ireland additional deduction brought into account in the accounting period;

B is the amount of Northern Ireland losses surrendered in any claim under section 1217RG of CTA 2009 for the accounting period;

MR is the main rate for the financial year;

NIR is the Northern Ireland rate for the financial year.

- (3) If the accounting period falls within more than one financial year, the amount of the Northern Ireland supplementary deduction is determined by taking the following steps.

Step 1 Calculate, for each financial year, the amount that would be the Northern Ireland supplementary deduction for the accounting period if it fell within only that financial year (see subsection (2)).

Step 2 Multiply each amount calculated under step 1 by the proportion of the accounting period that falls within the financial year for which it is calculated.

Step 3 Add together each amount found under step 2.

357UN Orchestra tax credit: Northern Ireland supplementary deduction ignored

For the purpose of determining the available loss of a company under section 1217RH of CTA 2009 (amount of surrenderable loss) for any accounting period, any Northern Ireland supplementary deduction made by the company in the period (and any Northern Ireland supplementary deduction made in any previous accounting period) is to be ignored.

Losses of separate orchestral trade

357UO Restriction on use of losses before completion period

- (1) Section 1217SA of CTA 2009 (restriction on use of losses before completion period) has effect subject as follows.

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- (2) The reference in subsection (1) of that section to a loss made in the separate orchestral trade in an accounting period preceding the completion period is, if the company is a Northern Ireland company in that period, a reference to—
 - (a) any Northern Ireland losses of the trade of the period, or
 - (b) any mainstream losses of the trade of the period;
 and references to losses in subsection (2) of that section are to be read accordingly.
- (3) Subsection (4) applies if a Northern Ireland company has, in an accounting period preceding the completion period—
 - (a) both Northern Ireland losses of the trade and mainstream profits of the trade, or
 - (b) both mainstream losses of the trade and Northern Ireland profits of the trade.
- (4) The company may make a claim under section 37 (relief for trade losses against total profits) for relief for the losses mentioned in subsection (3)(a) or (b).
- (5) But relief on such a claim is available only—
 - (a) in the case of a claim for relief for Northern Ireland losses, against mainstream profits of the trade of the same period;
 - (b) in the case of a claim for relief for mainstream losses, against Northern Ireland profits of the trade of the same period.
- (6) In this section “the completion period” has the same meaning as in section 1217SA of CTA 2009 (see section 1217S(2) of that Act).

357UP Use of losses in the completion period

- (1) Section 1217SB of CTA 2009 (use of losses in the completion period) has effect subject as follows.
- (2) The reference in subsection (1) of that section to a loss made in the separate orchestral trade is, in relation to a loss made in a period in which the company is a Northern Ireland company, a reference to—
 - (a) any Northern Ireland losses of the trade of the period, or
 - (b) any mainstream losses of the trade of the period;
 and references to losses in subsections (2) and (4) of that section are to be read accordingly.
- (3) The references in subsection (3) of that section to a loss made in the separate orchestral trade in the completion period are, where the company is a Northern Ireland company in the period, references to—
 - (a) any Northern Ireland losses of the trade of the period, or
 - (b) any mainstream losses of the trade of the period;
 and references to losses in subsection (4) of that section are to be read accordingly.
- (4) Subsection (4) of that section has effect, in relation to Northern Ireland losses, as if the reference to an additional deduction under Chapter 3 of Part

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15D of CTA 2009 included a reference to a Northern Ireland supplementary deduction under this Chapter.

357UQ Terminal losses

(1) Section 1217SC of CTA 2009 (terminal losses) has effect subject as follows.

(2) Where—

(a) a company makes an election under subsection (3) of that section (election to treat terminal loss as loss brought forward of different trade) in relation to all or part of a terminal loss, and

(b) the terminal loss is a Northern Ireland loss,

that subsection has effect as if the reference in it to a loss brought forward were to a Northern Ireland loss brought forward.

(3) Where—

(a) a company makes a claim under subsection (6) of that section (claim to treat terminal loss as loss brought forward by different company) in relation to part or all of a terminal loss, and

(b) the terminal loss is a Northern Ireland loss,

that subsection has effect as if the reference in it to a loss brought forward were to a Northern Ireland loss brought forward.”

15 (1) Schedule 4 to CTA 2010 (index of defined expressions) is amended as follows.

(2) In the entry for “Northern Ireland expenditure”—

(a) for “14” substitute “ 14A ”, and

(b) for “and 357U(2)” substitute “ , 357U(2) and 357UJ(2) ”.

(3) Insert at the appropriate places—

“qualifying expenditure (in Chapter 14A of Part 8B) section 357UJ(2)”

“the separate orchestral trade (in Chapter 14A of Part 8B) section 357UJ(2)”.

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