



Finance Act 2022

2022 CHAPTER 3

PART 2

RESIDENTIAL PROPERTY DEVELOPER TAX

Allowance

43 Allowance

- (1) A company within the charge to corporation tax—
 - (a) is the allocating member of a group (“group G”) in respect of the allowance for an accounting period (“period A”) if it has been nominated to be the allocating member in accordance with regulations made under subsection (8), and
 - (b) if the company is an RP developer, may allocate some or all of the allowance for that period to itself.
- (2) The allowance for period A to be allocated to members of group G is—
 - (a) where that period is 12 months, £25,000,000, and
 - (b) where that period is less than 12 months, £25,000,000 reduced by a pro rata amount.
- (3) Where—
 - (a) an RP developer is a member of group G for an accounting period (“period B”),
 - (b) period B ends at the same time as, or during, period A, and
 - (c) the RP developer is a member of group G at the end of period A,its allowance for period B is such amount (if any) as the allocating member of group G may allocate to it out of the allocating member’s allowance in respect of period A and as has not been allocated to another RP developer which is a member of group G.
- (4) Where—
 - (a) an RP developer is a member of a group at any time in an accounting period, and

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- (b) an allocating member of the group has not been nominated for that period, the RP developer's allowance for that period is the amount determined in accordance with subsection (5).
- (5) The amount is—
- (a) where the accounting period is 12 months, £25,000,000 divided by the number of companies within the charge to corporation tax that are members of the group at the end of the accounting period of the ultimate parent of the group in which the end of the accounting period of the RP developer falls, and
 - (b) where the accounting period is less than 12 months, the sum determined under paragraph (a) reduced by a pro-rata amount.
- (6) In any case not falling within the preceding subsections, an RP developer's allowance for an accounting period is—
- (a) where the accounting period is 12 months, £25,000,000, and
 - (b) where the accounting period is less than 12 months, £25,000,000 reduced by a pro-rata amount.
- (7) A member of group G is entitled to an allowance in respect of period B only if—
- (a) an allowance allocation statement has been submitted on behalf of the group in accordance with regulations under subsection (8), and
 - (b) the allowance in question is for the amount allocated to it in that statement.
- (8) HMRC Commissioners may by regulations make provision for and about—
- (a) the nomination of a company in a group to be the allocating member of the group;
 - (b) changing the allocating member of a group;
 - (c) the submission by the allocating member to HMRC of an allowance allocation statement specifying how much of its allowance in respect of period A it has allocated to a member of the group in respect of period B.
- (9) Regulations under subsection (8) may, among other things, make provision about—
- (a) the contents of an allowance allocation statement;
 - (b) when an allowance allocation statement is to be submitted;
 - (c) when and how an allowance allocation statement may or must be amended on behalf of a group;
 - (d) when and how an allowance allocation statement may be amended by an officer of Revenue and Customs;
 - (e) the amendment of company tax returns in consequence of an allowance allocation statement or any amendment to such a statement (including provision altering time limits that would otherwise apply);
 - (f) the consequences for any RP developer that is a member of a group of the group not having an allocating member.
- (10) This section is subject to section 44.

44 Allowance: joint venture companies

- (1) This section applies for the purposes of calculating the allowance of a relevant joint venture company for an accounting period where an excluded body ("B") has a substantial interest in the relevant joint venture company.

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- (2) The relevant joint venture company's allowance for an accounting period that is the same as or overlaps with a specific financial year ("year X") is—
- (a) the amount that would otherwise have been the relevant joint venture company's allowance for that accounting period in accordance with section 43(6), reduced by the relevant percentage, or
 - (b) where B allocates an allowable amount to the relevant joint venture company out of B's notional allowance for year X, the sum of that amount and the amount calculated in accordance with paragraph (a).
- (3) For the purposes of subsection (2)—
- (a) the relevant percentage is the percentage of the relevant joint venture company's profits that are available for distribution to equity holders and to which B is entitled;
 - (b) B's notional allowance for year X is £25,000,000;
 - (c) an amount is allowable if it does not exceed—

$$\frac{A}{365} \times P$$

where—

"A" is the number of days in the relevant joint venture company's accounting period that fall within year X;

"P" is an amount equal to the relevant percentage of B's notional allowance.

- (4) The relevant joint venture company's allowance is determined in accordance with subsection (2)(b) only if—
- (a) B has submitted a notional allowance statement in respect of the relevant joint venture company in accordance with regulations under subsection (5), and
 - (b) the allowance in question is for an amount calculated in accordance with subsection (2)(b), on the basis of that notional allowance statement.
- (5) HMRC Commissioners may by regulations make provision for and about—
- (a) the disapplication of any provision of this section in circumstances set out in the regulations;
 - (b) the submission by B to HMRC of a notional allowance statement specifying how much of its notional allowance in respect of year X it has allocated to a relevant joint venture company in respect of any of the company's accounting periods that end during or at the same time as year X.
- (6) Regulations made in reliance on subsection (5)(b) may, among other things, make provision about—
- (a) the contents of a notional allowance statement;
 - (b) when a notional allowance statement is to be submitted;
 - (c) when and how the notional allowance statement may or must be amended by B;
 - (d) the nomination by B of any other member of a group of which it is a member to carry out obligations imposed by or under this section on B;
 - (e) when and how a notional allowance statement may be amended by an officer of Revenue and Customs;

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- (f) the amendment of company tax returns in consequence of a notional allowance statement or any amendment to such a statement (including provision altering time limits that would otherwise apply).
- (7) Where B is a member of a group, the references to “B” in the following provisions are to be read as references to the ultimate parent of the group—
 - (a) subsection (2)(b);
 - (b) subsection (3)(b);
 - (c) the definition of “P” in subsection (3)(c);
 - (d) subsection (4)(a).
- (8) The power to make regulations under subsection (5) is exercisable in relation to the ultimate parent of a group of which B is a member as it is exercisable in relation to B.
- (9) In this section an “excluded body” means a company that is not liable to RPDT otherwise than as a result of being a non-profit housing company.

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