
Status: Point in time view as at 11/07/2023.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Part 2. (See end of Document for details)

SCHEDULES

SCHEDULE 3

CORPORATE INTEREST RESTRICTION ETC.

PART 2

OTHER AMENDMENTS

Penalties for errors: CIR alterations to be ignored in calculating potential lost revenue

- 26 (1) Paragraph 5 of Schedule 24 to FA 2007 (penalties for errors: calculating potential lost revenue) is amended as follows.
- (2) In sub-paragraph (4), before paragraph (a) insert—
- “*(za)* any CIR alteration, other than a permitted reduction, in respect of the tax period to which the document relates,”.
- (3) At the end insert—
- “*(5)* For the purposes of sub-paragraph (4)*(za)*—
- (a) a “CIR alteration” means an alteration made to an amount disallowed, or reactivated, under Part 10 of the Taxation (International and Other Provisions) Act 2010 as a result of the submission of a revised interest restriction return under paragraph 8(4) of Schedule 7A to that Act;
- (b) a CIR alteration is a “permitted reduction” if it has the effect of—
- (i) reducing the allocated disallowance of a company by no more than the relevant proportion, or
- (ii) increasing the allocated reactivation of a company by no more than the relevant proportion.
- (c) the “relevant proportion” is—
- (i) for the purposes of paragraph (b)(i), the proportion by which the total disallowed amount of the worldwide group for the period is reduced, as a result of the submission of the revised interest restriction return;
- (ii) for the purposes of paragraph (b)(ii) the proportion by which the interest reactivation cap of the worldwide group is increased, as a result of the submission of the revised interest restriction return.
- (6) In sub-paragraph (5), the following terms have the same meaning as in Part 10 of the Taxation (International and Other Provisions) Act 2010—
- “allocated disallowance” (see paragraph 22(2) of Schedule 7A to that Act);

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“allocated reactivation” (see paragraph 25(2) of that Schedule);

“total disallowed amount of the worldwide group” and “interest reactivation cap of the worldwide group” (see section 373 of that Act).”

Disapplication of carry forward rule for deficits

- 27 (1) Section 457 of CTA 2009 (basic rule for deficits: carry forward to accounting periods after deficit period) is amended as follows.
- (2) In subsection (1), after “section 458” insert “(subject to subsection (2A))”.
- (3) After subsection (2) insert—
- “(2A) If the company is a charity at the end of the deficit period, the deficit may not be carried forward and set off against non-trading profits (as described in subsection (1)) for an accounting period (and, accordingly, the deficit may not be surrendered as group relief under Part 5 of CTA 2010 for the purposes of subsection (2)(a)).”

Defined expressions used in Part 10 of TIOPA 2010: “insurance company”

- 28 (1) In section 494 of TIOPA 2010 (other interpretation), at the end insert—
- “(3) The definition of “insurance company” in section 65 of FA 2012 (which is applicable to this Part as a result of section 141(2) of that Act) has effect for the purposes of this Part as if, in subsection (2)(a), the reference to Part 4A of the Financial Services and Markets Act 2000 included a reference to the law of a territory outside the United Kingdom which is similar to or corresponds to that Part.”
- (2) In Part 7 of Schedule 11 to that Act (index of defined expressions), in the entry relating to an insurance company, in the second column, for “section 141 of FA 2012” substitute “section 494(3)”.

Determining the worldwide group: consequential amendment

- 29 In Part 1 of Schedule 8 to FA 2018 (corporate interest restriction: amendments of Part 10 of TIOPA 2010), omit paragraph 13.

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