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STATUTORY INSTRUMENTS

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**2017 No. 1224**

**The Corporate Interest Restriction (Financial Statements: Group Mismatches) Regulations 2017**

**Employer asset-backed pension contribution**

4.—(1) This regulation applies where in relation to a company which is a member of a worldwide group, a finance charge arises in respect of a finance arrangement which would be an acceptable structured finance arrangement in connection with a contribution paid by an employer under a registered pension scheme in respect of which the employer is entitled to relief under Chapter 4 of Part 4 of the Finance Act 2004<sup>(1)</sup> and that finance charge—

- (a) is treated as interest payable under a transaction or a loan relationship under any of the following provisions of the Corporation Tax Act 2010<sup>(2)</sup>—
  - (i) section 761(3) (deemed loan relationship if borrower is a company),
  - (ii) section 762(3) (deemed loan relationship if borrower is a partnership with corporate member),
  - (iii) section 766(3) (deemed loan relationship), or
  - (iv) section 769(3) (deemed loan relationship),
- (b) is a tax-interest expense amount<sup>(3)</sup> of the company, and
- (c) is not recognised as a relevant expense amount<sup>(4)</sup> in the financial statements of the worldwide group.

(2) For the purpose of calculating the specified amounts, an amount equal to the finance charge is treated as brought into account as if it were a relevant expense amount recognised in the financial statements of the worldwide group.

(3) In paragraph (1), “acceptable structured finance arrangement” has the meaning given in section 196C (employer asset-backed contributions: “acceptable structured finance arrangement” (1)), section 196E (employer asset-backed contributions: “acceptable structured finance arrangement” (2)) or section 196G (employer asset-backed contributions: “acceptable structured finance arrangement” (3)) of the Finance Act 2004<sup>(5)</sup>, as the case may be.

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(1) 2004 c. 12.

(2) 2010 c. 4.

(3) “Tax-interest expense amount” is defined in section 382 of the Taxation (International and Other Provisions) Act 2010, which was inserted by paragraph 1 of Schedule 5 to the Finance (No. 2) Act 2017.

(4) “Relevant expense amount” is defined in section 411 of the Taxation (International and Other Provisions) Act 2010, which was inserted by paragraph 1 of Schedule 5 to the Finance (No. 2) Act 2017.

(5) 2004 c. 12. Sections 196C, 196E and 196G were inserted by paragraph 15 of Schedule 13 to the Finance Act 2012 (c. 14).