



Corporation Tax Act 2009

2009 CHAPTER 4

PART 14

REMEDICATION OF CONTAMINATED [^{F1}OR DERELICT] LAND

Textual Amendments

- F1** Words in Pt. 14 heading inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 2](#)

CHAPTER 1

INTRODUCTION

Introductory

1143 Overview of Part

- (1) This Part provides for corporation tax relief for expenditure on land in the United Kingdom, where the expenditure is incurred for the purpose of remedying contamination [^{F2}or dereliction] of the land.
- (2) The reliefs available under Chapter 2 are—
 - (a) a deduction in calculating the profits of a UK property business or a trade carried on by a company for expenditure which is capital expenditure, and
 - (b) an additional deduction for expenditure which is allowed as a deduction in calculating the profits of such a business or trade.
- (3) Chapter 3 provides for the payment of tax credits (“land remediation tax credits”) where a company—
 - (a) obtains relief under Chapter 2, and
 - (b) makes a loss in a UK property business or a trade.

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- (4) Chapter 4 contains provision about—
 - (a) the relief available to a company which carries on [^{F3}basic life assurance and general annuity business], and
 - (b) the payment of tax credits ([^{F4}“BLAGAB tax credits”]) to such a company.
- (5) Chapter 5 contains an anti-avoidance provision dealing with artificially inflated claims for relief under this Part or tax credits.
- (6) Chapter 6 contains supplementary provision, including definitions.
- (7) For information about the procedure for making claims under this Part see Schedule 18 to FA 1998, in particular Part 9B (claims relating to remediation of contaminated [^{F5}or derelict] land) of that Schedule.

Textual Amendments

- F2** Words in s. 1143(1) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 3\(2\)](#)
- F3** Words in s. 1143(4)(a) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 192\(a\)](#)
- F4** Words in s. 1143(4)(b) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 192\(b\)](#)
- F5** Words in s. 1143(7) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 3\(3\)](#)

Basic definitions

1144 “Qualifying land remediation expenditure”

- (1) For the purposes of this Part a company's “qualifying land remediation expenditure” means expenditure incurred by it in relation to which each of conditions A to [^{F6}F] is met.
- (2) Condition A is that it is expenditure on land all or part of which is in a contaminated state (see section 1145) [^{F7}or a derelict state (see section 1145A)].
- (3) Condition B is that the expenditure would not have been incurred if the land had not been in a contaminated [^{F8}or derelict] state.
- [^{F9}(4) Condition C is that it is—
 - (a) in the case of land in a contaminated state, expenditure on relevant contaminated land remediation undertaken by the company (see section 1146), or
 - (b) in the case of land in a derelict state, expenditure on relevant derelict land remediation so undertaken (see section 1146A).]
- (5) Condition D is that the expenditure is—
 - (a) incurred on staffing costs (see section 1170),
 - (b) incurred on materials (see section 1172),
 - [^{F10}(c) incurred in respect of relevant land remediation contracted out by the company to another person with whom the company is not connected, or
 - (d) qualifying expenditure on connected sub-contracted land remediation (see section 1175).]

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(6) Condition E is that the expenditure is not subsidised (see section 1177).

[^{F11}(6A) Condition F is that the expenditure is not incurred on landfill tax.]

(7) See also section 1173 for provision about some cases in which condition B is treated as met.

Textual Amendments

- F6** Letter in s. 1144(1) substituted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 4\(2\)](#)
- F7** Words in s. 1144(2) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 4\(3\)](#)
- F8** Words in s. 1144(3) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 4\(4\)](#)
- F9** S. 1144(4) substituted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 4\(5\)](#)
- F10** S. 1144(5)(c)(d) substituted for s. 1144(5)(c) and preceding word (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 4\(6\)](#)
- F11** S. 1144(6A) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 4\(7\)](#)

[^{F12}1145] Land “in a contaminated state”

- (1) For the purposes of this Part land is in a contaminated state if (and only if), because of something in, on or under the land, the land is in a condition such that—
- relevant harm is being caused, or
 - there is a serious possibility that relevant harm will be caused.
- (2) But land is not in a contaminated state by reason of the presence in, on or under it of—
- living organisms or decaying matter deriving from living organisms, air or water, or
 - anything present otherwise than as a result of industrial activity.
- (3) The Treasury may by order specify circumstances in which subsection (2) is not to apply to the extent specified in the order; and an order under this subsection may contain incidental, supplemental, consequential and transitional provision and savings.
- (4) In this section “relevant harm” means—
- death of living organisms or significant injury or damage to living organisms,
 - significant pollution of controlled waters,
 - a significant adverse impact on the ecosystem, or
 - structural or other significant damage to buildings or other structures or interference with buildings or other structures that significantly compromises their use.

Textual Amendments

- F12** Ss. 1145-1145B substituted for s. 1145 (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 5](#)

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Modifications etc. (not altering text)

- C1** S. 1145(2) excluded (with effect in accordance with art. 1(2) of the amending S.I.) by [Corporation Tax \(Land Remediation Relief\) Order 2009 \(S.I. 2009/2037\)](#), arts. 1(2), 3

1145A Land “in a derelict state”

For the purposes of this Part land is in a derelict state if (and only if) the land—

- (a) is not in productive use, and
- (b) cannot be put into productive use without the removal of buildings or other structures.

Textual Amendments

- F12** Ss. 1145-1145B substituted for s. 1145 (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 5](#)

1145B Exclusion of nuclear sites

- (1) A nuclear site is not land in a contaminated state or land in a derelict state for the purposes of this Part.
- (2) “Nuclear site” means—
 - (a) any site in respect of which a nuclear site licence is for the time being in force, or
 - (b) any site in respect of which, after the revocation or surrender of a nuclear site licence, the period of responsibility of the licensee has not yet come to an end.
- (3) In subsection (2) “nuclear site licence”, “licensee” and “period of responsibility” have the same meaning as in the Nuclear Installations Act 1965.]

Textual Amendments

- F12** Ss. 1145-1145B substituted for s. 1145 (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 5](#)

1146 “Relevant [^{F13}contaminated] land remediation”

- (1) For the purposes of this Part “relevant [^{F14}contaminated land remediation”, in relation to land which is in a contaminated state and in which a major interest has been] acquired by a company, means—
 - (a) activities in relation to which conditions A [^{F15}to C] are met, and
 - (b) if there are such activities, relevant preparatory activity.
- (2) Condition A is that the activities comprise the doing of any works, the carrying out of any operations or the taking of any steps in relation to—
 - (a) the land in question,
 - (b) any controlled waters affected by that land, or
 - (c) any land adjoining or adjacent to that land.

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- (3) Condition B is that the purpose of the activities is—
- (a) to prevent or minimise, or remedy or mitigate the effects of, any [^{F16}relevant harm] by virtue of which the land is in a contaminated state,^{F17} . . .
 - ^{F17}(b)

- [^{F18}(3A) Condition C is that the activities are not—
- (a) activities of a description specified by order made by the Treasury, or
 - (b) activities required by or by virtue of any enactment specified by such an order.

(3B) An order under subsection (3A) may contain incidental, supplemental, consequential and transitional provision and savings.]

- (4) For the purposes of subsection (1)(b) “relevant preparatory activity” means activity—
- (a) which comprises the doing of anything for the purpose of assessing the condition of—
 - (i) the land in question,
 - (ii) any controlled waters affected by that land, or
 - (iii) any land adjoining or adjacent to that land, and
 - (b) which is connected to such activities within subsection (1)(a) as are undertaken by the company itself or on its behalf.

- (5) For the purposes of this section controlled waters are “affected by” land in a contaminated state if (and only if) [^{F19}because of something in, on or under the land by virtue of which it is contaminated land, the land is in a condition such that—
- (a) significant pollution of those waters is being caused, or
 - (b) there is a serious possibility that significant pollution of those waters will be caused.]

Textual Amendments

- F13** Word in s. 1146 heading inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 6\(6\)](#)
- F14** Words in s. 1146(1) substituted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 6\(2\)\(a\)](#)
- F15** Words in s. 1146(1) substituted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 6\(2\)\(b\)](#)
- F16** Words in s. 1146(3)(a) substituted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 6\(3\)\(a\)](#)
- F17** S. 1146(3)(b) omitted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 6\(3\)\(b\)](#)
- F18** S. 1146(3A)(3B) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 6\(4\)](#)
- F19** Words in s. 1146(5) substituted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 6\(5\)](#)

[^{F20}1146A “Relevant derelict land remediation”

- (1) For the purposes of this Part “relevant derelict land remediation”, in relation to land which is in a derelict state and in which a major interest has been acquired by a company, means—

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- (a) activities in relation to which conditions A and B are met, and
 - (b) if there are such activities, relevant preparatory activity.
- (2) Condition A is that the activities comprise the doing of any works, the carrying out of any operations or the taking of any steps in relation to the land in question.
- (3) Condition B is that the purpose of the activities is a purpose specified by order made by the Treasury.
- (4) An order under subsection (3) may contain incidental, supplemental, consequential and transitional provision and savings.
- (5) For the purposes of subsection (1)(b) “relevant preparatory activity” has the same meaning as for the purposes of subsection (1)(b) of section 1146 (see subsection (4) of that section, but reading the reference to subsection (1)(a) of that section as a reference to subsection (1)(a) of this section).]

Textual Amendments

F20 S. 1146A inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 7](#)

CHAPTER 2

RELIEFS FOR EXPENDITURE ON CONTAMINATED [^{F21}OR DERELICT] LAND

Textual Amendments

F21 Words in Pt. 14 Ch. 2 heading inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 8](#)

1147 Deduction for capital expenditure

- (1) A company is entitled to relief for an accounting period if conditions A, B and C are met.
- (2) Condition A is that [^{F22}a major interest in] land in the United Kingdom is, or has been, acquired by the company for the purposes of a UK property business or a trade carried on by it.
- [^{F23}(3) Condition B is that—
- (a) in the case of land in a contaminated state, the land was in a contaminated state at the time of the acquisition, and
 - (b) in the case of land in a derelict state, the land was in a derelict state throughout the period beginning with the earlier of—
 - (i) 1 April 1998, and
 - (ii) the date on which a major interest in the land was first acquired by the company or a person who was connected with the company.
- (3A) The Treasury may by order—

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- (a) specify circumstances in which the condition in paragraph (a) of subsection (3) need not be met, or
 - (b) replace the date for the time being specified in paragraph (b)(i) of that subsection with a later date.
- (3B) An order under subsection (3A) may contain incidental, supplemental, consequential and transitional provision and savings.]
- (4) Condition C is that the company incurs capital expenditure which is qualifying land remediation expenditure in respect of the land.
- (5) For the company to obtain the relief it must make an election.
- (6) The relief is that for corporation tax purposes the capital expenditure is allowed as a deduction in calculating the profits of the UK property business or the trade for the period in which the expenditure is incurred.
- (7) For the purposes of this section capital expenditure incurred for the purposes of a UK property business or a trade by a company about to carry on the business or trade is to be treated as incurred by the company—
- (a) on the first day on which it does carry it on, and
 - (b) in the course of doing so.
- (8) Relief is not available under this section in relation to so much of the qualifying land remediation expenditure as represents capital expenditure in respect of which an allowance^{F24}, other than an allowance under Part 2A of CAA 2001 (structures and buildings allowances),] has been, or may be, made under the enactments relating to capital allowances.

Textual Amendments

- F22** Words in s. 1147(2) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 9\(2\)](#)
- F23** S. 1147(3)-(3B) substituted for s. 1147(3) (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 9\(3\)](#)
- F24** Words in s. 1147(8) inserted (5.7.2019) by [The Capital Allowances \(Structures and Buildings Allowances\) Regulations 2019 \(S.I. 2019/1087\)](#), regs. 1, [7\(2\)](#)

Modifications etc. (not altering text)

- C2** S. 1147(7) excluded (6.4.2020) by [Finance Act 2019 \(c. 1\)](#), [Sch. 5 paras. 35, 47\(2\)](#) (with [Sch. 5 para. 36](#))

1148 Election under section 1147

- (1) An election under section 1147 must specify the accounting period in respect of which it is made.
- (2) The election must be made by notice in writing to an officer of Revenue and Customs.
- (3) The notice must be given before the end of the period of two years beginning immediately after the end of the accounting period to which the election relates.

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1149 Additional deduction for qualifying land remediation expenditure

- (1) A company is entitled to corporation tax relief for an accounting period if each of conditions A to D is met.
- (2) Condition A is that [^{F25}a major interest in] land in the United Kingdom is, or has been, acquired by the company for the purposes of a UK property business or a trade carried on by it.
- [^{F26}(3) Condition B is that—
 - (a) in the case of land in a contaminated state, the land was in a contaminated state at the time of the acquisition, and
 - (b) in the case of land in a derelict state, the land was in a derelict state throughout the period beginning with the earlier of—
 - (i) 1 April 1998, and
 - (ii) the date on which a major interest in the land was first acquired by the company or a person who was connected with the company.
- (3A) The Treasury may by order—
 - (a) specify circumstances in which the condition in paragraph (a) of subsection (3) need not be met, or
 - (b) replace the date for the time being specified in paragraph (b)(i) of that subsection with a later date.
- (3B) An order under subsection (3A) may contain incidental, supplemental, consequential and transitional provision and savings.]
- (4) Condition C is that the company carries on a UK property business or a trade in the accounting period.
- (5) Condition D is that the company incurs qualifying land remediation expenditure in respect of the land which is allowable as a deduction in calculating for corporation tax purposes the profits of the business or the trade for the period.
- (6) For the company to obtain the relief it must make a claim.
- (7) The relief is an additional deduction in calculating the profits of the business or the trade for the period.
- (8) The amount of the additional deduction is 50% of the qualifying land remediation expenditure.

Textual Amendments

- F25** Words in s. 1149(2) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 10\(2\)](#)
- F26** S. 1149(3)-(3B) substituted for s. 1149(3) (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 10\(3\)](#)

1150 No relief if company responsible for contamination [^{F27}or dereliction or polluter has interest]

- [^{F28}(1)] A company is not entitled to relief under this Chapter in respect of expenditure on land all or part of which is in a contaminated [^{F29}or derelict state if the land is in a

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contaminated or derelict] state wholly or partly as a result of any thing done, or omitted to be done, at any time by—

- (a) the company, or
- (b) a person with a relevant connection to the company (see section 1178).

[^{F30}(2) A company is not entitled to relief under this Chapter in respect of expenditure on land all or part of which is in a contaminated or derelict state if—

- (a) the land is in that state wholly or partly as a result of any thing done, or omitted to be done, by a person not within subsection (1), and
- (b) that person, or a person connected with that person, has a relevant interest in the land.

(3) For the purposes of subsection (2) a person has a relevant interest in land if the person—

- (a) holds any interest in, right over or licence to occupy the land (including an option to acquire any such interest, right or licence in any circumstances), or
- (b) has disposed of any estate or interest in the land for a consideration that to any extent reflects the impact, or likely impact, on the value of the land of the remediation of its contamination or dereliction.]

Textual Amendments

- F27** Words in s. 1150 heading inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 11\(5\)](#)
- F28** S. 1150(1): s. 1150 renumbered as s. 1150(1) (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 11\(2\)](#)
- F29** Words in s. 1150(1) substituted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 11\(3\)](#)
- F30** S. 1150(2)(3) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 11\(4\)](#)

CHAPTER 3

LAND REMEDIATION TAX CREDIT

Entitlement and payment

1151 Entitlement to and payment of tax credit

- (1) A company is entitled to a land remediation tax credit for an accounting period if it has a qualifying land remediation loss in the period (see section 1152).
- (2) For the company to obtain a land remediation tax credit in respect of all or part of the qualifying land remediation loss it must make a claim.
- (3) The amount of a land remediation tax credit to which the company is entitled is determined in accordance with section 1154.
- (4) If a company claims a land remediation tax credit to which it is entitled for an accounting period, an officer of Revenue and Customs must pay to the company the amount of the credit.

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This is subject to section 1155.

- (5) See also section 1158, which restricts the carry forward of losses where a company claims a land remediation tax credit.

1152 Meaning of “qualifying land remediation loss”

- (1) For the purposes of this Chapter a company has a “qualifying land remediation loss” in an accounting period if in the period—
- (a) it obtains an additional deduction under section 1149 in calculating the profits of a UK property business or a trade, and
 - (b) it makes a UK property business loss in the business or a trading loss in the trade.
- (2) The amount of the qualifying land remediation loss is—
- (a) so much of the UK property business loss or trading loss as is unrelieved (see section 1153), or
 - (b) if less, 150% of the qualifying land remediation expenditure in respect of which the relief was obtained.

Modifications etc. (not altering text)

- C3** S. 1152 excluded by 2010 c. 4, s. 357QB (as inserted (with effect in accordance with s. 5 of the amending Act) by Corporation Tax (Northern Ireland) Act 2015 (c. 21), s. 1)

1153 Amount of a loss which is “unrelieved”

- (1) The amount of a UK property business loss or trading loss that is “unrelieved” is the amount of the loss reduced by—
- (a) any relief obtained by the company under [^{F31}section 62(1) to (3) of CTA 2010], or that was or could have been obtained by it making a claim under [^{F32}section 37(3)(a) of CTA 2010, to deduct the loss from total] profits of the same accounting period,
 - (b) any other relief obtained by the company in respect of the loss, including relief under [^{F33}section 37(3)(b) of CTA 2010 (losses deducted from] profits of an earlier accounting period), and
 - (c) any loss surrendered under [^{F34}Part 5 [^{F35}or Part 5A] of CTA 2010] (surrender of relief to group or consortium members).
- (2) No account is to be taken for this purpose of—
- (a) any UK property business losses or trading losses brought forward from an earlier accounting period under [^{F36}section 45[^{F37}, 45A, 45B] or 62(5) of CTA 2010], or
 - (b) any trading losses carried back from a later accounting period under [^{F38}section 37(3)(b) of CTA 2010] .
- (3) Subsections (4) to (7) apply (instead of subsection (1)) to determine the amount of a UK property business loss that is “unrelieved” in an accounting period (“the relevant accounting period”) in a case where [^{F39}, as a result of section 87(3) of FA 2012, the loss is treated for the purposes of section 76 of that Act as a deemed BLAGAB management expense for the relevant accounting period.]

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- (4) If in the relevant accounting period no amount falls to be carried forward to a subsequent accounting period under [F⁴⁰section 73 of FA 2012] (unrelieved expenses carried forward), no amount of the UK property business loss is unrelieved.
- (5) If in the relevant accounting period there is an amount which falls to be carried forward to a subsequent accounting period under [F⁴⁰section 73 of FA 2012], the amount of the UK property business loss that is unrelieved is—
- (a) the amount which so falls to be carried forward, or
 - (b) if less, the amount of the UK property business loss.
- (6) In determining for the purposes of subsection (4) or (5) whether there is an amount which falls to be carried forward to a subsequent accounting period under [F⁴⁰section 73 of FA 2012], no account is to be taken of the amounts specified in subsection (7).
- (7) Those amounts are amounts—
- (a) brought forward from an earlier accounting period, and
 - [F⁴¹(b) taken into account in calculating for the purposes of section 73 of FA 2012 the amount of adjusted BLAGAB management expenses of the company for the relevant accounting period as a result of—
 - (i) the previous application of section 73 or 93 of FA 2012, or
 - (ii) the carry forward to the relevant accounting period of an amount under section 391 of this Act (surplus deficit).]
- (8) If—
- (a) the company is an insurance company, and
 - (b) it is treated under [F⁴²section 86 of FA 2012] as carrying on more than one UK property business,
- references in this section to a UK property business loss are to be read in accordance with [F⁴³section 87(4) of FA 2012] (aggregation of losses).

Textual Amendments

- F31** Words in s. 1153(1)(a) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 677\(2\)\(a\)\(i\)](#) (with [Sch. 2](#))
- F32** Words in s. 1153(1)(a) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 677\(2\)\(a\)\(ii\)](#) (with [Sch. 2](#))
- F33** Words in s. 1153(1)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 677\(2\)\(b\)](#) (with [Sch. 2](#))
- F34** Words in s. 1153(1)(c) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 677\(2\)\(c\)](#) (with [Sch. 2](#))
- F35** Words in s. 1153(1)(c) inserted (with effect in accordance with [Sch. 4 para. 190](#) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), Sch. 4 para. 137\(a\)](#)
- F36** Words in s. 1153(2)(a) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 677\(3\)\(a\)](#) (with [Sch. 2](#))
- F37** Words in s. 1153(2)(a) inserted (with effect in accordance with [Sch. 4 para. 190](#) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), Sch. 4 para. 137\(b\)](#)
- F38** Words in s. 1153(2)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 677\(3\)\(b\)](#) (with [Sch. 2](#))
- F39** Words in s. 1153(3) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 16 para. 193\(2\)](#)
- F40** Words in s. 1153(4)-(6) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 16 para. 193\(3\)](#)
- F41** S. 1153(7)(b) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 16 para. 193\(4\)](#)

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- F42** Words in s. 1153(8)(b) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 16 para. 193\(5\)\(a\)](#)
F43 Words in s. 1153(8) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 16 para. 193\(5\)\(b\)](#)

Modifications etc. (not altering text)

- C4** S. 1153 applied by [2010 c. 4, s. 357QB](#) (as inserted (with effect in accordance with s. 5 of the amending Act) by [Corporation Tax \(Northern Ireland\) Act 2015 \(c. 21\), s. 1](#))

Amount of tax credit

1154 Amount of tax credit

- (1) The amount of the land remediation tax credit to which a company is entitled for an accounting period is 16% of the amount of the qualifying land remediation loss for the period.
- (2) The Treasury may by order replace the percentage for the time being specified in subsection (1) with a different percentage.
- (3) An order under subsection (2) may contain incidental, supplemental, consequential and transitional provision and savings.

Modifications etc. (not altering text)

- C5** S. 1154(1) excluded by [2010 c. 4, s. 357QC](#) (as inserted (with effect in accordance with s. 5 of the amending Act) by [Corporation Tax \(Northern Ireland\) Act 2015 \(c. 21\), s. 1](#))

Supplementary

1155 Payment of tax credit

- (1) This section applies if a land remediation tax credit for an accounting period is payable to a company.
- (2) The amount payable in respect of—
 - (a) the land remediation tax credit, or
 - (b) interest on the credit payable under section 826 of ICTA,
 may be applied in discharging any liability of the company to pay corporation tax.
- (3) So far as the amount is so applied, the duty of the officer of Revenue and Customs to pay the credit under section 1151(4) is discharged.
- (4) Subsection (5) applies if the company's tax return for the accounting period is enquired into by an officer of Revenue and Customs.
- (5) In that case—
 - (a) no payment in respect of the land remediation tax credit for the period need be made before the officer's enquiries are completed (see paragraph 32 of Schedule 18 to FA 1998), but
 - (b) an officer may make a payment on a provisional basis of such amount as the officer thinks fit.

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- (6) No payment need be made in respect of the land remediation tax credit if the company has outstanding PAYE and NIC liabilities for the period.
- (7) A company has outstanding PAYE and NIC liabilities for an accounting period if it has not paid to an officer of Revenue and Customs any amount that it is required to pay—
 - (a) under PAYE regulations, or
 - (b) in respect of Class 1 national insurance contributions, for payment periods ending in the accounting period.
- (8) “Payment period” means a period—
 - (a) which ends on the 5th day of a month, and
 - (b) for which the company is liable to account for income tax and national insurance contributions to an officer of Revenue and Customs.

1156 Tax credit payment not income of company

A payment in respect of a land remediation tax credit is not income of the company for any tax purposes.

1157 Exclusion for capital gains purposes of certain expenditure

- (1) This section applies if in an accounting period a payment is made to a company in respect of a land remediation tax credit.
- (2) The qualifying land remediation expenditure in respect of which the payment is made is to be treated as if it were excluded by section 39 of TCGA 1992 from the sums allowable under section 38 of that Act.

1158 Restriction on losses carried forward where tax credit claimed

- (1) For the purposes of [^{F44}section 62 of CTA 2010 (relief for losses made in UK property business)] a company's UK property business loss for an accounting period in which it claims a land remediation tax credit to which it is entitled is treated as reduced by the amount of the surrendered loss for the period.
- (2) For the purposes of [^{F45}[^{F46}sections 45, 45A and 45B] of CTA 2010] (relief of trading losses against future [^{F47}... profits]) a company's trading loss for an accounting period in which it claims a land remediation tax credit to which it is entitled is treated as reduced by the amount of the surrendered loss for the period.
- (3) Subsection (4) applies (instead of subsection (1)) if in an accounting period—
 - [^{F48}(a) as a result of section 87(3) of FA 2012, a company's UK property business loss is treated for the purposes of section 76 of that Act as a deemed BLAGAB management expense for the accounting period,]
 - (b) an amount falls to be carried forward to a subsequent accounting period under [^{F49}section 73 of FA 2012] (unrelieved expenses carried forward), and
 - (c) the company claims a land remediation tax credit for the period.
- (4) The amount which falls to be carried forward to a subsequent accounting period under [^{F50}section 73 of FA 2012] is treated as reduced by the amount of the surrendered loss for the period.

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- (5) References in this section to “the amount of the surrendered loss” for an accounting period are to the amount of any qualifying land remediation loss in respect of which a land remediation tax credit is claimed for the period.

Textual Amendments

- F44** Words in s. 1158(1) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 678(2)** (with [Sch. 2](#))
- F45** Words in s. 1158(2) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 678(3)** (with [Sch. 2](#))
- F46** Words in s. 1158(2) substituted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **Sch. 4 para. 138(a)**
- F47** Word in s. 1158(2) omitted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by virtue of [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **Sch. 4 para. 138(b)**
- F48** S. 1158(3)(a) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), **Sch. 16 para. 194(2)(a)**
- F49** Words in s. 1158(3)(b) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), **Sch. 16 para. 194(2)(b)**
- F50** Words in s. 1158(4) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), **Sch. 16 para. 194(3)**

Modifications etc. (not altering text)

- C6** S. 1158(2) excluded by [2010 c. 4](#), **s. 357QD** (as inserted (with effect in accordance with s. 5 of the amending Act) by [Corporation Tax \(Northern Ireland\) Act 2015 \(c. 21\)](#), **s. 1**)
- C7** S. 1158(5) excluded by [2010 c. 4](#), **s. 357QD** (as inserted (with effect in accordance with s. 5 of the amending Act) by [Corporation Tax \(Northern Ireland\) Act 2015 \(c. 21\)](#), **s. 1**)

CHAPTER 4

SPECIAL PROVISION FOR [^{F51}BLAGAB]

Textual Amendments

- F51** Words in Pt. 14 Ch. 4 heading substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), **Sch. 16 para. 195**

F52 ...

Textual Amendments

- F52** S. 1159 and cross-heading omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\)](#), **Sch. 16 para. 196**

^{F52} **1159 Limitation on relief under Chapter 2**

.....

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I minus E basis

1160 Provision in respect of I minus E basis

[^{F53}This Chapter applies] if, for an accounting period, an insurance company is charged to tax [^{F54}in respect of its basic life assurance and general annuity business in accordance with the I - E rules].

Textual Amendments

F53 Words in s. 1160 substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 197\(a\)](#)

F54 Words in s. 1160 substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 197\(b\)](#)

Relief^{F55}...

Textual Amendments

F55 Words in Pt. 14 Ch. 4 cross-heading omitted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 12\(8\)](#)

1161 Relief in respect of I minus E basis: ^{F56}... expenses payable

- (1) A company is entitled to relief for an accounting period if conditions A, B and C are met.
- (2) Condition A is that [^{F57}a major interest in] land in the United Kingdom is a management asset of the company.
- [^{F58}(3) Condition B is that—
 - (a) in the case of land in a contaminated state, the land was in a contaminated state at the time of the acquisition by the company of a major interest in the land, and
 - (b) in the case of land in a derelict state, the land was in a derelict state throughout the period beginning with the earlier of—
 - (i) 1 April 1998, and
 - (ii) the date on which a major interest in the land was first acquired by the company or a person who was connected with the company.
- (3A) The Treasury may by order—
 - (a) specify circumstances in which the condition in paragraph (a) of subsection (3) need not be met, or
 - (b) replace the date for the time being specified in paragraph (b)(i) of that subsection with a later date.
- (3B) An order under subsection (3A) may contain incidental, supplemental, consequential and transitional provision and savings.]
- (4) Condition C is that the company incurs qualifying [^{F59}land remediation] expenditure in the accounting period in respect of the land ^{F60}....
- ^{F61}(5)

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- (6) The relief is that the company may treat ^{F62}... the qualifying Chapter 4 expenditure as expenses payable which fall to be brought into account for the accounting period at Step 1 in [^{F63}section 76 of FA 2012] (deduction for expenses payable).
- (7) For the purposes of this section land is a management asset of a company if it is—
- (a) an asset provided for use or used for the management of [^{F64}basic life assurance and general annuity business] carried on by the company, or
 - (b) an asset in respect of which expenditure is being incurred with a view to such use by the company.

Textual Amendments

- F56** Word in s. 1161 heading omitted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 12\(7\)](#)
- F57** Words in s. 1161(2) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 12\(2\)](#)
- F58** S. 1161(3)-(3B) substituted for s. 1161(3) (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 12\(3\)](#)
- F59** Words in s. 1161(4) substituted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 12\(4\)\(a\)](#)
- F60** Words in s. 1161(4) omitted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 12\(4\)\(b\)](#)
- F61** S. 1161(5) omitted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 12\(5\)](#)
- F62** Words in s. 1161(6) omitted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 12\(6\)](#)
- F63** Words in s. 1161(6) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 198\(2\)](#)
- F64** Words in s. 1161(7)(a) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 198\(3\)](#)

[^{F65}1162] Additional relief

- (1) If a company is entitled to relief under section 1161 for an accounting period it is also entitled to relief under this section for the period.
- (2) For the company to obtain the relief it must make a claim.
- (3) The relief is that the company may treat 50% of the qualifying Chapter 4 expenditure [^{F66}for the purposes of section 76 of FA 2012 as deemed BLAGAB management expenses for the accounting period].
- (4) For the purposes of this Chapter “the qualifying Chapter 4 expenditure” means—
 - (a) the company's qualifying land remediation expenditure for the accounting period, less
 - (b) the amount (if any) [^{F67}of the expenditure which, for the purposes of section 76 of FA 2012, is not an ordinary BLAGAB management expense of the company referable to the accounting period as a result of the application of section 77(2)(b) of that Act].]

Textual Amendments

- F65** S. 1162 substituted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 13](#)

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- F66** Words in s. 1162(3) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 16 para. 199\(2\)](#)
F67 Words in s. 1162(4)(b) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 16 para. 199\(3\)](#)

1163 No relief if company responsible for contamination [^{F68}or dereliction or polluter has interest]

[^{F69}(1)] A company is not entitled to relief under section 1161 [^{F70}or 1162] in respect of expenditure on land all or part of which is in a contaminated [^{F71}or derelict] state wholly or partly as a result of any thing done, or omitted to be done, at any time by—

- (a) the company, or
- (b) a person with a relevant connection to the company (see section 1178).

[^{F72}(2)] A company is not entitled to relief under this Chapter in respect of expenditure on land all or part of which is in a contaminated or derelict state if—

- (a) the land is in that state wholly or partly as a result of any thing done, or omitted to be done, by a person not within subsection (1), and
- (b) that person, or a person connected with that person, has a relevant interest in the land.

(3) For the purposes of subsection (2) a person has a relevant interest in land if—

- (a) the person holds any interest in, right over or licence to occupy the land (including an option to acquire any such interest, right or licence in any circumstances), or
- (b) has disposed of any estate or interest in the land for a consideration that to any extent reflects the impact, or likely impact, on the value of the land of the remediation of its contamination or dereliction.]

Textual Amendments

- F68** Words in s. 1163 heading inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 7 para. 14\(5\)](#)
F69 S. 1163(1): s. 1163 renumbered as s. 1163(1) (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 7 para. 14\(2\)](#)
F70 Words in s. 1163(1) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 7 para. 14\(3\)\(a\)](#)
F71 Words in s. 1163(1) substituted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 7 para. 14\(3\)\(b\)](#)
F72 S. 1163(2)(3) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 7 para. 14\(4\)](#)

[^{F73}BLAGAB] *company tax credits*

Textual Amendments

- F73** Words in s. 1164 cross-heading substituted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 16 para. 200](#)

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1164 Entitlement to tax credit

- (1) A company is entitled to [^{F74}a BLAGAB tax credit] for an accounting period if it has a [^{F75}qualifying BLAGAB loss] in the period (see section 1165).
- (2) For the company to obtain [^{F76}a BLAGAB tax credit] in respect of all or part of the [^{F77}qualifying BLAGAB loss] it must make a claim.
- (3) The amount of [^{F78}a BLAGAB tax credit] to which the company is entitled is determined in accordance with section 1166.
- (4) See also section 1168, which restricts the carry forward of expenses payable where a company claims [^{F79}a BLAGAB tax credit].

Textual Amendments

- F74** Words in s. 1164(1) substituted (17.7.2012) by Finance Act 2012 (c. 14), Sch. 16 para. 201(2)(a)
- F75** Words in s. 1164(1) substituted (17.7.2012) by Finance Act 2012 (c. 14), Sch. 16 para. 201(2)(b)
- F76** Words in s. 1164(2) substituted (17.7.2012) by Finance Act 2012 (c. 14), Sch. 16 para. 201(2)(a)
- F77** Words in s. 1164(2) substituted (17.7.2012) by Finance Act 2012 (c. 14), Sch. 16 para. 201(2)(b)
- F78** Words in s. 1164(3) substituted (17.7.2012) by Finance Act 2012 (c. 14), Sch. 16 para. 201(3)
- F79** Words in s. 1164(4) substituted (17.7.2012) by Finance Act 2012 (c. 14), Sch. 16 para. 201(3)

1165 Meaning of [^{F80}“qualifying BLAGAB loss”]

- (1) For the purposes of this Chapter a company has a [^{F81}“qualifying BLAGAB loss”] in an accounting period (“the relevant accounting period”) if in the period—
 - (a) it is entitled to relief under section 1161 [^{F82}or 1162], and
 - (b) an amount falls to be carried forward to a subsequent accounting period under [^{F83}section 73 of FA 2012 as excess BLAGAB expenses].
- (2) In determining for the purposes of subsection (1)(b) whether there is an amount which falls to be carried forward to a subsequent accounting period under [^{F84}section 73 of FA 2012 as excess BLAGAB expenses], no account is to be taken of the amounts specified in subsection (3).
- (3) Those amounts are amounts—
 - (a) brought forward from an earlier accounting period, and
 - [^{F85}(b) taken into account in calculating for the purposes of section 73 of FA 2012 the amount of adjusted BLAGAB management expenses of the company for the relevant accounting period as a result of—
 - (i) the previous application of section 73 or 93 of FA 2012, or
 - (ii) the carry forward to the relevant accounting period of an amount under section 391 of this Act (surplus deficit).]
- (4) The amount of the [^{F86}qualifying BLAGAB loss] is—
 - (a) the amount which falls to be carried forward as mentioned in subsection (1) (b), or
 - (b) if less, 150% of the qualifying Chapter 4 expenditure in respect of which the relief was obtained.

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Textual Amendments

- F80** Words in s. 1165 heading substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 202\(6\)](#)
- F81** Words in s. 1165(1) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 202\(2\)\(a\)](#)
- F82** Words in s. 1165(1)(a) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 15](#)
- F83** Words in s. 1165(1)(b) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 202\(2\)\(b\)](#)
- F84** Words in s. 1165(2) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 202\(3\)](#)
- F85** S. 1165(3)(b) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 202\(4\)](#)
- F86** Words in s. 1165(4) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 202\(5\)](#)

1166 Amount of tax credit

- (1) The amount of the [^{F87}BLAGAB tax credit] to which a company is entitled for an accounting period is 16% of the amount of the [^{F88}qualifying BLAGAB loss] for the period.
- (2) The Treasury may by order replace the percentage for the time being specified in subsection (1) with a different percentage.
- (3) An order under subsection (2) may contain incidental, supplemental, consequential and transitional provision and savings.

Textual Amendments

- F87** Words in s. 1166(1) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 203\(a\)](#)
- F88** Words in s. 1166(1) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 203\(b\)](#)

1167 Payment of tax credit etc

- (1) The provisions mentioned in subsection (2) have effect in relation to [^{F89}a BLAGAB tax credit] subject to the modifications set out in subsection (3).
- (2) The provisions referred to in subsection (1) are—
 - section 1151(4) (payment of tax credit by officer of Revenue and Customs);
 - section 1155 (supplementary provision about payment of tax credit);
 - section 1156 (tax credit payment not income of company);
 - section 1157 (qualifying expenditure excluded for capital gains purposes).
- (3) The modifications referred to in subsection (1) are as follows—
 - (a) for any reference to a land remediation tax credit substitute a reference to [^{F90}a BLAGAB tax credit], and
 - (b) in section 1157(2) for the reference to qualifying land remediation expenditure substitute a reference to qualifying Chapter 4 expenditure.

Textual Amendments

- F89** Words in s. 1167(1) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 204](#)
- F90** Words in s. 1167(3)(a) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 204](#)

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1168 Restriction on carrying forward expenses payable where tax credit claimed

- (1) This section applies if a company claims [^{F91}a BLAGAB tax credit] to which it is entitled for an accounting period.
- (2) For the purposes of [^{F92}section 73 of FA 2012] the amount which may be—
 - (a) carried forward from the accounting period under [^{F93}that section as excess BLAGAB expenses], and
 - (b) brought into account in accordance with [^{F94}step 5 in section 76 of FA 2012], is treated as reduced by the amount of the surrendered loss for the period.
- (3) The “amount of the surrendered loss” for the period means the amount of the [^{F95}qualifying BLAGAB loss] in respect of which the land remediation tax credit is claimed for the period.

Textual Amendments

- F91** Words in s. 1168(1) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 16 para. 205\(2\)](#)
- F92** Words in s. 1168(2) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 16 para. 205\(3\)\(a\)](#)
- F93** Words in s. 1168(2) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 16 para. 205\(3\)\(b\)](#)
- F94** Words in s. 1168(2) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 16 para. 205\(3\)\(c\)](#)
- F95** Words in s. 1168(3) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 16 para. 205\(4\)](#)

CHAPTER 5

TAX AVOIDANCE

1169 Artificially inflated claims for relief or tax credit

- (1) To the extent that a transaction is attributable to arrangements entered into wholly or mainly for a disqualifying purpose, it is to be disregarded for the purposes mentioned in subsection (2).
- (2) Those purposes are determining for an accounting period the amount of—
 - (a) any relief to which a company is entitled under Chapter 2,
 - (b) any land remediation tax credits to which a company is entitled under section 1151,
 - (c) any relief to which a company carrying on [^{F96}basic life assurance and general annuity business] is entitled under section 1161 [^{F97}or 1162], and
 - (d) any [^{F98}BLAGAB tax credits] to which such a company is entitled under section 1164.
- (3) Arrangements are entered into wholly or mainly for a “disqualifying purpose” if their main object, or one of their main objects, is to enable a company to obtain—
 - (a) relief under Chapter 2 to which the company would not otherwise be entitled or of a greater amount than that to which it would otherwise be entitled,
 - (b) a land remediation tax credit to which it would not otherwise be entitled or of a greater amount than that to which it would otherwise be entitled,
 - (c) relief under section 1161 [^{F99}or 1162] to which it would not otherwise be entitled or of a greater amount than that to which it would otherwise be entitled, or

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- (d) a life assurance company tax credit to which it would not otherwise be entitled or of a greater amount than that to which it would otherwise be entitled.
- (4) In this section “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable.

Textual Amendments

- F96** Words in s. 1169(2)(c) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 16 para. 206\(a\)](#)
- F97** Words in s. 1169(2)(c) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 7 para. 16](#)
- F98** Words in s. 1169(2)(d) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 16 para. 206\(b\)](#)
- F99** Words in s. 1169(3)(c) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 7 para. 16](#)

CHAPTER 6

SUPPLEMENTARY

1170 “Staffing costs”

- (1) For the purposes of this Part the staffing costs of a company are amounts to which any of subsections (2) to (5) applies.
- (2) This subsection applies to an amount paid by the company to a director or an employee of the company which—
- is earnings consisting of money, and
 - is paid because of the director's or employee's employment.
- (3) This subsection applies to an amount paid by the company to a director or an employee of the company, other than an amount paid in respect of benefits in kind, if—
- the amount is paid in respect of expenses paid by the director or employee, and
 - the amount is paid because of the director's or employee's employment.
- (4) This subsection applies to secondary Class 1 national insurance contributions paid by the company.
- (5) This subsection applies to contributions paid by the company to a pension fund operated for the benefit of directors or employees of the company.
- (6) In subsection (5) “pension fund” means a scheme, fund or other arrangement established and maintained (whether in the United Kingdom or elsewhere) for the purpose of providing pension benefits.
- For this purpose “scheme” includes a deed, agreement or series of agreements.
- (7) In subsection (6) “pension benefits” means pensions, retirement annuities, allowances, lump sums, gratuities or other superannuation benefits (with or without subsidiary benefits).

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1171 Staffing costs attributable to relevant land remediation

- (1) This section applies for the purposes of this Part to identify the staffing costs of a company which are attributable to relevant land remediation.
- (2) The costs which are so attributable are those paid to, or in respect of, directors or employees who are directly and actively engaged in relevant land remediation.
- (3) Subsection (4) applies if a director (“D”) or employee (“E”) is partly engaged directly and actively in relevant land remediation.
- (4) In that case—
 - (a) if the time D or E spends so engaged is less than 20% of D's or E's total working time, none of the staffing costs relating to D or E is treated as attributable to relevant land remediation,
 - (b) if the time D or E spends so engaged is more than 80% of D's or E's total working time, the whole of the staffing costs relating to D or E is treated as attributable to relevant land remediation, and
 - (c) in any other case, the appropriate proportion of the staffing costs relating to D or E is treated as attributable to relevant land remediation.
- (5) Subsection (6) applies if persons provide services (such as secretarial or administrative services) in support of activities carried on by others.
- (6) Those persons are not, as a result of providing those services, to be treated as themselves directly and actively engaged in those activities.

1172 Expenditure on materials

For the purposes of this Part expenditure on materials is attributable to relevant land remediation if the materials are employed directly in the relevant land remediation.

1173 Expenditure incurred because of contamination [^{F100}or dereliction]

- (1) This section applies to identify cases in which the condition in section 1144(3) is to be treated as met (expenditure incurred because land in contaminated [^{F101}or derelict] state).
- (2) If the only reason that expenditure on the land is increased is that the land is in a contaminated [^{F102}or derelict] state, the amount by which the expenditure is increased is to be treated as expenditure meeting the condition in section 1144(3).
- [^{F103}(3) Subsection (4) applies—
 - (a) in the case of land in a contaminated state, if the main purpose of any activities is any of those specified in section 1146(3), or
 - (b) in the case of land in a derelict state, if the main purpose of any activities is any of those specified in section 1146A(3).]
- (4) Expenditure on such works, operations or steps is to be treated as meeting the condition in section 1144(3).
- (5) This section does not affect the width of the provision made by section 1144(3).

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Textual Amendments

- F100** Words in s. 1173 inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 17\(4\)](#)
- F101** Words in s. 1173(1) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 17\(2\)](#)
- F102** Words in s. 1173(2) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 17\(2\)](#)
- F103** S. 1173(3) substituted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 17\(3\)](#)

^{F104}1174 Sub-contractor payments

Textual Amendments

- F104** S. 1174 omitted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 18](#)

1175 [^{F105}Connected sub-contractors]

- (1) This section applies if—
- a company makes a sub-contractor payment,
 - the company and the sub-contractor are connected, and
 - in accordance with generally accepted accounting practice, the whole of the sub-contractor payment and all of the sub-contractor's relevant expenditure have been brought into account in determining the sub-contractor's profit or loss for a relevant period.

[^{F106}(1A) In this section, a “sub-contractor payment” means a payment made by the company to the sub-contractor in respect of relevant land remediation contracted out by the company to the sub-contractor.]

- (2) The amount of the sub-contractor payment which is “qualifying expenditure on [^{F107}connected sub-contracted land remediation” for the purposes of section 1144(5)] is—
- the entire payment, or
 - if less, an amount equal to the sub-contractor's relevant expenditure.
- (3) “Relevant expenditure” of the sub-contractor means expenditure that—
- is incurred by the sub-contractor in carrying on [^{F108}or arranging for carrying on], on behalf of the company, the activities to which the sub-contractor payment relates,
 - is not of a capital nature,
 - is [^{F109}in respect of] staffing costs or materials, and
 - is not subsidised.
- (4) “Relevant period” means a period—
- for which accounts are drawn up for the sub-contractor, and

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- (b) that ends not more than 12 months after the end of the company's period of account in which the sub-contractor payment is, in accordance with generally accepted accounting practice, brought into account in determining the company's profit or loss.
- (5) In the following sections, which apply for the purpose of determining whether a sub-contractor's expenditure meets the requirements of subsection (3)(c) and (d)—
- (a) section 1170 (staffing costs), and
 - (b) section 1177 (subsidised expenditure),
- references to a company are to be read as references to the sub-contractor.
- (6) Any apportionment of expenditure of the company or the sub-contractor necessary for the purposes of this section is to be made on a just and reasonable basis.

Textual Amendments

- F105** S. 1175 heading substituted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 19\(5\)](#)
- F106** S. 1175(1A) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 19\(2\)](#)
- F107** Words in s. 1175(2) substituted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 19\(3\)](#)
- F108** Words in s. 1175(3)(a) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 19\(4\)\(a\)](#)
- F109** Words in s. 1175(3)(c) substituted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 19\(4\)\(b\)](#)

^{F110}1176 “Qualifying expenditure on sub-contracted land remediation”: other cases

.....

Textual Amendments

- F110** S. 1176 omitted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 20](#)

1177 “Subsidised expenditure”

- (1) For the purposes of this Part a company's expenditure is treated as subsidised to the extent that—
- (a) a grant or subsidy is obtained in respect of the expenditure, or
 - (b) it is otherwise met directly or indirectly by a person other than the company.
- (2) For the purposes of this a grant, subsidy or payment that is not allocated to particular expenditure is to be allocated to expenditure of the recipient on a just and reasonable basis.

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1178 Persons having a “relevant connection” to a company

For the purposes of this Part a person has a “relevant connection” to a company in a case where the company's land is in a contaminated [^{F111}or derelict] state wholly or partly as a result of any thing done, or omitted to be done, by the person if—

- (a) the person is or was connected to the company when any such thing is or was done, or omitted to be done, by the person,
- (b) the person is or was connected to the company at the time when [^{F112}a major interest in] the land in question is or was acquired by the company, or
- (c) the person is or was connected to the company at any time when relevant land remediation is or was undertaken (whether by the company itself or on its behalf).

Textual Amendments

F111 Words in s. 1178 inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 21\(a\)](#)

F112 Words in s. 1178(b) inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 7 para. 21\(b\)](#)

[^{F113}1178A] Major interest in land”

- (1) References in this Part to the acquisition of a major interest in land are to the acquisition of a freehold interest in the land or of a relevant leasehold interest in the land.
- (2) The reference in subsection (1) to the acquisition of a freehold interest in land is—
 - (a) in relation to land in England and Wales, to the acquisition of an estate in fee simple absolute (whether subsisting at law or in equity),
 - (b) in relation to land in Scotland, to the acquisition of the interest of an owner of land, and
 - (c) in relation to land in Northern Ireland, to the acquisition of any freehold estate (whether subsisting at law or in equity).
- (3) The reference in subsection (1) to the acquisition of a relevant leasehold interest in land is to the acquisition by grant or assignment (or assignation) of—
 - (a) in relation to land in England and Wales, a term of years absolute (whether subsisting at law or in equity),
 - (b) in relation to land in Scotland, the tenant's right over or interest in a property subject to a lease, or
 - (c) in relation to land in Northern Ireland, any leasehold estate (whether subsisting at law or in equity),in relation to which the condition in subsection (4) is met.
- (4) That condition is that—
 - (a) in the case of a grant, the term of years or period of the lease is at least 7 years, and
 - (b) in the case of an assignment (or assignation) the unexpired portion of the term or period is at least 7 years.]

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Textual Amendments

F113 S. 1178A inserted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 7 para. 22**

1179 Other definitions

In this Part —

“controlled waters”—

- (a) in relation to England and Wales, has the same meaning as in Part 3 of the Water Resources Act 1991 (c. 57),
- (b) in relation to Scotland, has the same meaning as in section 30A of the Control of Pollution Act 1974 (c. 40), and
- (c) in relation to Northern Ireland, means water in waterways and underground strata (as defined in Article 2(2) of the Water (Northern Ireland) Order 1999 (S.I. 1999/662 (N.I. 6)),

F114 ...
F114 ...

“pollution of controlled waters” means the entry into controlled waters of—

- (a) any poisonous, noxious or polluting matter, or
- (b) any solid waste matter,

F114 ... and

[^{F115}“UK property business loss”, in relation to a company, means a loss incurred by the company in carrying on a UK property business.]

Textual Amendments

F114 Definitions in s. 1179 omitted (with effect in accordance with Sch. 7 paras. 27, 28 of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 7 para. 23**

F115 Words in s. 1179 substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 679** (with Sch. 2)

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

- Blanket amendment words substituted by [S.I. 2011/1043 art. 34](#)

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

- s. 322(2A)(zb) inserted by [2016 c. 24 s. 73\(5\)](#)
- s. 934(1A)(1B) inserted by [2023 c. 30 Sch. 2 para. 12\(2\)](#)
- s. 962(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(5\)\(b\)](#)
- s. 962A(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(6\)\(b\)](#)
- s. 963(1A) inserted by [2023 c. 30 Sch. 2 para. 12\(7\)\(a\)](#)
- s. 1058B(5)(ea) inserted by [2023 c. 20 Sch. para. 57](#)
- s. 1094(2A)-(2C) inserted by [2012 c. 14 Sch. 3 para. 13\(3\)](#)
- s. 1106(4A)-(4C) inserted by [2012 c. 14 Sch. 3 para. 14\(3\)](#)
- s. 1138A applied by [S.I. 2024/348 reg. 3](#)