

# CORPORATION TAX ACT 2010

---

## EXPLANATORY NOTES

### INTRODUCTION

#### **Part 22: Miscellaneous provisions**

#### **Chapter 4: Surrender of tax refund within group**

#### **Overview**

2876. Section 102 of FA 1989 enables a group of companies to mitigate the differential between the rates of interest on unpaid and overpaid tax. In the absence of section 102, a group which, overall, had paid the correct amount of tax on the correct dates could still suffer a net interest charge if it split those payments incorrectly between members of the group at the time of payment. Section 102 allows the group to mitigate this by applying hindsight to reallocate the tax payments to the right companies with effect from the date of payment.
2877. Regulation 9 of the Corporation Tax (Instalment Payments) Regulations 1998<sup>1</sup> applies section 102 of FA 1989 with modifications in cases where a tax refund falls to be made to the surrendering company in respect of an amount paid in respect of its total liability for an accounting period and (a) either the surrendering company or the recipient company is a large company (within the meaning of regulation 3 of those Regulations) as respects that accounting period or (b) both the surrendering company and the recipient company are large companies as respects that accounting period. The continuity of the law provisions in Part 1 of Schedule 2 ensure that this regulation continues to apply undisturbed.

#### **Section 963: Power to surrender tax refund**

2878. This section lays down the conditions to be met if a tax refund is to be surrendered within a group of companies. It is based on section 102(1) to (3) and (8) of FA 1989.

#### **Section 964: Effects of surrender of tax refund**

2879. This section sets out the effects of a surrender of a tax refund for the surrendering company and the recipient company. It is based on section 102(4), (5) and (6) of FA 1989.

#### **Section 965: Interest on tax overpaid or underpaid**

2880. This section deals with the consequences of a surrender of a tax refund for interest on unpaid and overpaid tax. It is based on section 102(4A) of FA 1989.
2881. *Subsection (1)(b)* omits as spent the reference in section 102(4A) of FA 1989 to section 826(7) of ICTA, which has been repealed.

---

<sup>1</sup> SI 1998/3175.

*These notes refer to the Corporation Tax Act 2010  
(c.4) which received Royal Assent on 3 March 2010*

***Section 966: Payments for surrendered tax refunds***

2882. This section concerns the consequences of making payments for the transfer of tax refunds. It is based on section 102(7) of FA 1989.