



Corporation Tax Act 2010

2010 CHAPTER 4

PART 22

MISCELLANEOUS PROVISIONS

CHAPTER 9

OTHER MISCELLANEOUS PROVISIONS

[^{F1}UK Economic Interest Groupings and] European Economic Interest Groupings

Textual Amendments

- F1** Words in s. 990 cross-heading inserted (31.12.2020) by *The Taxes (Amendments) (EU Exit) Regulations 2019* (S.I. 2019/689), regs. 1, **17(10)** (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)

990 [^{F2}UK Economic Interest Groupings and] European Economic Interest Groupings

- (1) The following rules about [^{F3}UK Economic Interest Groupings and] European Economic Interest Groupings apply for the purposes of charging corporation tax in respect of income—

Rule 1

A grouping is treated as acting as the agent of its members.

Rule 2

The activities of a grouping are treated as those of its members acting jointly.

Rule 3

Each member of a grouping is treated as having a share of the grouping's property, rights and liabilities.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 9. (See end of Document for details)

Rule 4

Any trade carried on by the grouping is treated as carried on in partnership by the members of the grouping.

- (2) For the purposes of Rule 3, a member's share of any property, rights or liabilities of a grouping is determined in accordance with the contract under which the grouping is established.
- (3) If the contract does not provide for this, the member's share is determined by reference to the share of the profits of the grouping to which the member is entitled under the contract.
- (4) If the contract does not provide for this either, the members are treated as having equal shares of the property, rights and liabilities of the grouping.
- (5) Part 5 of CTA 2009 (loan relationships) applies in relation to a grouping as it applies in relation to a firm.
- (6) For the purposes of subsection (5) see in particular the following provisions of Part 5 of CTA 2009—
 - Chapter 9 (partnerships involving companies),
 - section 467 (connections where partnerships involved),
 - section 472 (meaning of “control”), and
 - sections 473 and 474 (meaning of “major interest” etc).
- [^{F4}(7) “European Economic Interest Grouping” means a grouping registered in a member State and formed in pursuance of [Council Regulation \(EEC\) No. 2137/85](#) of 25 July 1985 on the European Economic Interest Grouping as it has effect in EU law.]

Textual Amendments

- F2** Words in s. 990 heading inserted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), regs. 1, **17(11)(a)** (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)
- F3** Words in s. 990(1) inserted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), regs. 1, **17(11)(b)** (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)
- F4** S. 990(7) substituted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), regs. 1, **17(11)(c)** (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)

Harbour reorganisation schemes

^{F5}991 Harbour reorganisation schemes: corporation tax

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Textual Amendments

- F5** Ss. 991-995 repealed (with effect in accordance with Sch. 39 para. 18(2) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), **Sch. 39 para. 16**

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F⁵992 Harbour reorganisation schemes: capital allowances etc

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Textual Amendments

- F5** Ss. 991-995 repealed (with effect in accordance with Sch. 39 para. 18(2) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 39 para. 16](#)

F⁵993 Harbour reorganisation schemes: chargeable gains

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Textual Amendments

- F5** Ss. 991-995 repealed (with effect in accordance with Sch. 39 para. 18(2) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 39 para. 16](#)

F⁵994 Transfer of part of trade

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Textual Amendments

- F5** Ss. 991-995 repealed (with effect in accordance with Sch. 39 para. 18(2) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 39 para. 16](#)

F⁵995 Interpretation of sections 991 to 994

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Textual Amendments

- F5** Ss. 991-995 repealed (with effect in accordance with Sch. 39 para. 18(2) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 39 para. 16](#)

Groups: use of different accounting practices

996 Use of different accounting practices within a group of companies

- (1) Subsection (2) applies if—
- (a) a company (“company A”) prepares accounts in accordance with international accounting standards,
 - (b) another company (“company B”) in the same group of companies prepares accounts in accordance with UK generally accepted accounting practice,
 - (c) there is a transaction between, or a series of transactions involving, company A and company B, and

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- (d) a tax advantage would (apart from this section) be obtained by either or both of those companies in relation to the transaction or series of transactions as a result of the use of different accounting practices.
- (2) The Tax Acts apply in relation to the transaction or series of transactions as if both company A and company B prepared accounts in accordance with UK generally accepted accounting practice.
- (3) Section 170(3) to (6) of TCGA 1992 apply to determine for the purposes of this section whether companies are in the same group of companies.
- (4) None of the following circumstances (individually or in combination) prevents a series of transactions from being a series of transactions involving company A and company B—
 - (a) there is no transaction in the series to which both those companies are parties,
 - (b) the parties to any arrangements in pursuance of which the transactions in the series are entered into do not include one or both of those companies,
 - (c) there are one or more transactions in the series to which neither of those companies is a party.
- (5) In this section “tax advantage” has the meaning given by section 1139.

[^{F6}Sporting testimonial payments and associated payments

Textual Amendments

- F6** [S. 996A](#) and cross-heading inserted (with effect in accordance with Sch. 2 para. 4(1) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 2 para. 3](#)

996A Deductions from total profits for sporting testimonial payments and associated payments

- (1) This section applies where a company, in any accounting period—
 - (a) is the controller of a relevant event or activity that constitutes or is part of a sporting testimonial, and
 - (b) makes a relevant sporting testimonial payment out of money raised by the sporting testimonial.
- (2) In this section “relevant sporting testimonial payment” means a sporting testimonial payment that is (or so much of it as is) made out of proceeds of a relevant event or activity which are brought into account in determining the company's total profits or any component of its total profits.
- (3) In calculating the amount of corporation tax chargeable for the accounting period, an amount equal to the aggregate of the following amounts is allowed as a deduction from the company's total profits—
 - (a) so much of the relevant sporting testimonial payment as is paid to or for the benefit of the sportsperson to whom the sporting testimonial relates,
 - (b) any income tax or employee's national insurance contributions deducted at source from that payment, and
 - (c) any employer's national insurance contributions relating to that payment.

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- (4) The amount is deducted—
 - (a) from the company's total profits for the accounting period in which the relevant sporting testimonial payment is made, and
 - (b) if a claim by the company for relief so requires, previous accounting periods.
- (5) A claim under subsection (4)(b) must be made within 2 years after the end of the accounting period in which the relevant sporting testimonial payment is made.
- (6) If for an accounting period deductions under subsection (4) are to be made for relevant sporting testimonial payments made in more than one accounting period, the deductions are to be made in the order in which the payments were made (starting with the earliest of them).
- (7) The amount of the deduction to be made under subsection (4) for an accounting period is the amount that cannot be deducted under that subsection for a subsequent accounting period.
- (8) The amount of the deduction to be made for any accounting period is limited to the amount that reduces the company's taxable total profits for that period to nil.
- (9) The deduction is only available if and to the extent that the amount mentioned in subsection (3) is not otherwise deductible in calculating the company's total profits or any component of its total profits.
- (10) Terms used in this section and in section 226E of ITEPA 2003 have the same meaning as in that section.]

Changes to legislation:

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