

# **TAXATION (INTERNATIONAL AND OTHER PROVISIONS) ACT 2010**

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

#### **Part 7: Tax treatment of financing costs and income**

##### ***Chapter 9: “Available amount”***

##### **Overview**

617. This Chapter deals with the computation of the “available amount”, which in broad terms is the external gross finance expense of the worldwide group of companies. This Chapter sets out the basic rules for computing that amount and provides for the external financing expense arising from certain activities to be disregarded in the calculation.

##### ***Section 332: The available amount***

618. This section provides that the “available amount” for a period of account of the worldwide group is derived from amounts disclosed in the group’s income statement for that period. It is based on paragraph 73 of Schedule 15 to FA 2009.

##### ***Section 333: Group members with income from oil extraction subject to particular tax treatment in UK***

619. This section excludes from the available amount financing costs arising from oil extraction activities. It is based on paragraph 74 of Schedule 15 to FA 2009.

##### ***Section 334: Group members with income from shipping subject to particular tax treatment in UK***

620. This section excludes from the available amount financing costs relating to profits which are dealt with under the tonnage tax regime. It is based on paragraph 75 of Schedule 15 to FA 2009.

##### ***Section 335: Group members with income from property rental subject to particular tax treatment in UK***

621. This section excludes from the available amount financing costs relating to profits exempted from corporation tax by virtue of the special rules applying to real estate investment trusts. It is based on paragraph 76 of Schedule 15 to FA 2009.

##### ***Section 336: Meaning of accounting expressions used in this Chapter***

622. This section confirms that in the absence of any contrary provision, expressions used in this Chapter have the meaning given by international accounting standards. It is based on paragraph 77 of Schedule 15 to FA 2009.