

TAXATION (INTERNATIONAL AND OTHER PROVISIONS) ACT 2010

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 7: Tax treatment of financing costs and income

Chapter 4: Exemption of financing income

Overview

566. This Chapter sets out how the group should notify HMRC of the allocation of the exemption between the group companies by submitting an allocation statement, providing an alternative procedure on failure to do so.

Section 286: Application of Chapter and meaning of “total disallowed amount”

567. This section applies this Chapter to deal with the exemption of financing income for a period of account of the worldwide group where the tested expense amount exceeds the available amount. It is based on paragraph 27 of Schedule 15 to FA 2009.

Section 287: Meaning of “company to which this Chapter applies”

568. This section provides that this Chapter applies to a company that is a UK group company at any time during the period of account of the worldwide group. It is based on paragraph 28 of Schedule 15 to FA 2009.

Section 288: Appointment of authorised company for relevant period of account

569. This section provides a regulation-making power to allow the Commissioners for HMRC to introduce rules governing a statement of allocated exemptions, mentioning matters that may be covered in particular. It is based on paragraph 29 of Schedule 15 to FA 2009.

Section 289: Meaning of “the reporting body”

570. This section gives the meaning of “the reporting body”. It is based on paragraph 30 of Schedule 15 to FA 2009.

Section 290: Statement of allocated exemptions: submission

571. This section requires a statement of allocated exemptions to be submitted to HMRC. It is based on paragraph 31 of Schedule 15 to FA 2009.

Section 291: Statement of allocated exemptions: submission of revised statement

572. This section allows the reporting body to submit a revised statement to HMRC. It is based on paragraph 32 of Schedule 15 to FA 2009.

Section 292: Statement of allocated exemptions: requirements

573. This section sets out the requirements of a statement of allocated exemptions in terms of the information it must contain. It is based on paragraph 33 of Schedule 15 to FA 2009.

Section 293: Statement of allocated exemptions: effect

574. This section gives the effect of the statement of allocated exemptions. It is based on paragraph 34 of Schedule 15 to FA 2009.

Section 294: Company tax returns

575. This section provides that where a company has delivered a company tax return and there is a change in the profits as a result of a revised statement of allocated exemptions or other information in the return is rendered incorrect, the company is treated as having amended its return for the accounting period concerned. It is based on paragraph 35 of Schedule 15 to FA 2009.

Section 295: Power to make regulations about statement of allocated exemptions

576. This section provides a regulation-making power to allow the Commissioners for HMRC to introduce rules governing a statement of allocated exemptions and mentions matters which may be covered in particular. It is based on paragraph 36 of Schedule 15 to FA 2009.

Section 296: Failure of reporting body to submit statement of allocated exemptions

577. This section sets out the consequences of a failure by a reporting body to submit a statement of allocated exemptions that complies with the requirements of section 292. It is based on paragraph 37 of Schedule 15 to FA 2009.

Section 297: Power to make regulations in relation to reductions under section 296

578. This section provides a regulation-making power to allow the Commissioners for HMRC to introduce rules to ensure that a company in whose case a financing income amount is reduced under section 296 has sufficient information to determine its amount and mentions matters that may be covered in particular. It is based on paragraph 38 of Schedule 15 to FA 2009.

Section 298: Balancing payments between group companies: no tax charge or relief

579. This section provides that, where in certain defined circumstances one company makes a payment to another company as a result of an adjustment to taxable income or expenses made under this Part, then those amounts are not taken into account in computing the taxable profits of either company. It is based on paragraph 39 of Schedule 15 to FA 2009.