

Changes to legislation: There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, SCHEDULE 7A. (See end of Document for details)

SCHEDULES

[^{F1}SCHEDULE 7A

Section 374

INTEREST RESTRICTION RETURNS

Textual Amendments

- F1** Sch. 7A inserted (with effect in accordance with Sch. 5 para. 25(1)(2) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 5 para. 2](#) (with [Sch. 5 para. 28](#))

PART 1

THE REPORTING COMPANY

Appointment by a worldwide group of a reporting company

- 1 (1) A member of a worldwide group may, by notice to an officer of Revenue and Customs, appoint an eligible company to be the group's reporting company.
- (2) The notice must specify the first period of account of the group (“the specified period of account”) in relation to which the appointment is to have effect.
- (3) An appointment under this paragraph has effect in relation to—
- the specified period of account, and
 - subsequent periods of account of the group.
- (4) The notice is of no effect unless—
- it is given during the period of [^{F2}12 months] beginning with the end of the specified period of account,
 - it is authorised by at least 50% of eligible companies, and
 - it is accompanied by a statement containing the required information.
- (5) For this purpose “the required information” means—
- a list of the eligible companies that have authorised the notice, and
 - a statement that the listed companies constitute at least 50% of eligible companies.
- (6) The notice may be accompanied by a statement that such of the companies listed under sub-paragraph (5)(a) as are specified in the statement do not wish to be consenting companies in relation to returns submitted by the reporting company.
- For provision as to the effect of a statement under this subparagraph, see paragraph 11.
- (7) For the purposes of this paragraph a company is “eligible” if and only if the company —

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- (a) was a UK group company at a time during the specified period of account, and
- (b) was not dormant throughout that period.

Textual Amendments

F2 Words in [Sch. 7A para. 1\(4\)\(a\)](#) substituted (12.2.2019) by [Finance Act 2019 \(c. 1\), Sch. 11 para. 15\(a\)](#)

Revocation by worldwide group of appointment under paragraph 1

- 2
- (1) A member of a worldwide group may, by notice to an officer of Revenue and Customs, revoke an appointment previously made under paragraph 1.
 - (2) The notice must specify the first period of account of the group (“the specified period of account”) in relation to which the appointment is to be revoked.
 - (3) An appointment that is revoked under this paragraph ceases to have effect in relation to—
 - (a) the specified period of account, and
 - (b) subsequent periods of account of the group.
 - (4) The notice is of no effect unless—
 - (a) it is given during the period of [^{F3}12 months] beginning with the end of the specified period of account,
 - (b) it is authorised by at least 50% of eligible companies, and
 - (c) it is accompanied by a statement containing the required information.
 - (5) For this purpose “the required information” means—
 - (a) a list of the eligible companies that have authorised the notice, and
 - (b) a statement that the listed companies constitute at least 50% of eligible companies.
 - (6) The revocation of an appointment does not prevent the making of a further appointment under paragraph 1 (whether at the same time as the revocation, or later).
 - (7) For the purposes of this paragraph a company is “eligible” if and only if the company —
 - (a) was a UK group company at a time during the specified period of account, and
 - (b) was not dormant throughout that period.

Textual Amendments

F3 Words in [Sch. 7A para. 2\(4\)\(a\)](#) substituted (12.2.2019) by [Finance Act 2019 \(c. 1\), Sch. 11 para. 15\(b\)](#)

Regulations supplementing paragraphs 1 and 2

- 3
- The Commissioners may by regulations make further provision about an appointment under paragraph 1 or the revocation of such an appointment under paragraph 2, including in particular provision—

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- (a) about the form and manner in which an appointment or revocation may be made;
- (b) requiring a person to give information to an officer of Revenue and Customs in connection with the making of an appointment or revocation;
- (c) prohibiting a company from being appointed unless it meets conditions specified in the regulations;
- (d) about the time from which an appointment or revocation has effect;
- (e) providing that an appointment or revocation is of no effect, or (in the case of an appointment) ceases to have effect, if a requirement under the regulations is not met.

Appointment of reporting company by Revenue and Customs

- 4 (1) This paragraph applies where—
- (a) no appointment of a reporting company under paragraph 1 has effect in relation to a period of account of a worldwide group (“the relevant period of account”), and
 - (b) as a result of sub-paragraph (4)(a) of that paragraph, an appointment of a reporting company under that paragraph that has effect in relation to the relevant period of account is no longer possible.
- (2) An officer of Revenue and Customs may, by notice to an eligible company, appoint it to be the group's reporting company.
- (3) The notice must specify the relevant period of account (whether by specifying the dates on which it begins and ends or, if the officer does not have that information, by reference to a date or dates).
- (4) The appointment has effect in relation to the relevant period of account.
- (5) The appointment may be made—
- (a) at any time before the end of the period of [^{F4}4 years] beginning with the end of the relevant period of account, or
 - (b) at any time after the end of that period if, at that time, an amount stated in the company tax return of a UK group company for a relevant accounting period can be altered.
- (6) Paragraph 88(3) to (5) of Schedule 18 to FA 1998 (meaning of “can no longer be altered”) applies for the purposes of this paragraph.
- (7) For the purposes of this paragraph a company is “eligible” if and only if the company —
- (a) was a UK group company at a time during the relevant period of account, and
 - (b) was not dormant throughout that period.

Textual Amendments

- F4** Words in [Sch. 7A para. 4\(5\)\(a\)](#) substituted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), [Sch. 3 para. 20](#)

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Appointment by officer of Revenue and Customs of replacement reporting company

- 5 (1) This paragraph applies where—
- (a) an appointment of a reporting company under paragraph 1 or 4 or this paragraph has effect in relation to a period of account of a worldwide group (“the relevant period of account”), and
 - (b) condition A or B is met.
- (2) Condition A is that an officer of Revenue and Customs considers that the reporting company mentioned in sub-paragraph (1)(a) has not complied with, or will not comply with, a requirement under or by virtue of this Schedule.
- (3) Condition B is that the reporting company mentioned in sub-paragraph (1)(a) has agreed that an officer of Revenue of Customs may exercise the power in this paragraph.
- (4) An officer of Revenue and Customs may, by notice—
- (a) revoke the appointment of the reporting company mentioned in sub-paragraph (1)(a), and
 - (b) appoint in its place an eligible company to be the reporting company of the group.
- (5) The notice must—
- (a) be given to each of the companies mentioned in sub-paragraph (4), and
 - (b) specify the relevant period of account (whether by specifying the dates on which it begins and ends or, if the officer does not have that information, by reference to a date or dates).
- (6) Where the power in sub-paragraph (4) is exercised—
- (a) the appointment that is revoked ceases to have effect in relation to—
 - (i) the relevant period of account, and
 - (ii) subsequent periods of account of the group;
 - (b) the appointment of the replacement has effect in relation to the relevant period of account.
- (7) For the purposes of this paragraph a company is “eligible” if and only if the company—
- (a) was a UK group company at a time during the relevant period of account, and
 - (b) was not dormant throughout that period.

Obligation of reporting company to notify group members of its status

- 6 (1) This paragraph applies where the appointment of a reporting company has effect in relation to a period of account of a worldwide group (“the relevant period of account”).
- (2) The reporting company must, as soon as reasonably practicable after the relevant time, notify each relevant company that it is the group’s reporting company in relation to the relevant period of account.
- (3) In sub-paragraph (2) “the relevant time” means—
- (a) if the relevant period of account is the first period of account in relation to which the appointment has effect, the time of the appointment;

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- (b) otherwise, the end of the period of 6 months beginning with the end of the relevant period of account.
- (4) Sub-paragraph (2) does not require the reporting company to notify a relevant company if the reporting company notified that company under that sub-paragraph in relation to an earlier period of account.
- (5) The duty to comply with sub-paragraph (2) is enforceable by the company required to be notified under that sub-paragraph.
- (6) For the purposes of this paragraph a company is “relevant” if and only if the company meets condition A or B.
- (7) Condition A is that the company—
 - (a) was a UK group company at a time during the relevant period of account, and
 - (b) was not dormant throughout that period.
- (8) Condition B is that the company is the ultimate parent of the worldwide group.

Obligation of reporting company to submit interest restriction return

- 7
- (1) This paragraph applies where the appointment of a reporting company has effect in relation to a period of account of a worldwide group.
 - (2) If the reporting company was appointed under paragraph 1 or 4, it must submit a return for the period of account to an officer of Revenue and Customs.
 - (3) If the reporting company was appointed under paragraph 5, it must submit a return for the period of account to an officer of Revenue and Customs unless a return for the period has already been submitted under sub-paragraph (2) or this sub-paragraph.
 - (4) A return submitted under this paragraph must be received by an officer of Revenue and Customs before the filing date in relation to the period of account.
 - (5) In this Part of this Act “the filing date”, in relation to a period of account of a worldwide group, means—
 - (a) the end of the period of 12 months beginning with the end of the period of account, or
 - ^{F5}(b) if an appointment of a reporting company under paragraph 4 or 5 has effect in relation to the period of account, the end of the period of 3 months beginning with the day on which the appointment was made,]

^{F6}whichever is the later].

[For an extension of the filing date in the case of a takeover, see paragraph 7A.]

^{F7}(5A)

- (6) A return submitted under this paragraph is of no effect unless it is received by an officer of Revenue and Customs before—
 - (a) the end of the period of 36 months beginning with the end of the period of account, or
 - (b) if later, the end of the period of 3 months beginning with the day on which the reporting company was appointed.

This is subject to paragraph 57.

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Textual Amendments

- F5** Sch. 7A para. 7(5)(b) substituted (12.2.2019) by Finance Act 2019 (c. 1), **Sch. 11 para. 16(a)**
F6 Words in Sch. 7A para. 7(5) inserted (12.2.2019) by Finance Act 2019 (c. 1), **Sch. 11 para. 16(b)**
F7 Sch. 7A para. 7(5A) inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2019 (c. 1), **Sch. 11 para. 17(1)**

- [^{F8}7A (1) This paragraph applies if—
- (a) a period of account (“the affected period”) of a worldwide group (“the old group”) ends solely as a result of the ultimate parent of the old group becoming a member of a different worldwide group, and
 - (b) the time at which that happens is within 12 months of the beginning of the affected period.
- (2) For the purposes of this Part of this Act the filing date in relation to the affected period of the old group is whichever is the later of—
- (a) the date given by paragraph 7(5), and
 - (b) the end of the period of 24 months beginning with the affected period.]

Textual Amendments

- F8** Sch. 7A para. 7A inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2019 (c. 1), **Sch. 11 para. 17(2)**

Revised interest restriction return

- 8 (1) This paragraph applies where—
- (a) the appointment of a reporting company has effect in relation to a period of account of a worldwide group, and
 - (b) a return (“the previous interest restriction return”) was submitted under paragraph 7, or this paragraph, for the period of account.
- (2) The reporting company may submit a revised interest restriction return for the period of account to an officer of Revenue and Customs.
- (3) A revised interest restriction return submitted under sub-paragraph (2) is of no effect unless it is received by an officer of Revenue and Customs before—
- (a) the end of the period of 36 months beginning with the end of the period of account, or
 - (b) if later, the end of the period of 3 months beginning with the day on which the reporting company was appointed.

This is subject to paragraphs 9 and 57.

- [^{F9}(4) Where any of the figures contained in the previous interest restriction return have become incorrect (whether or not as a result of a member of the group amending, or being treated as amending, its company tax return), the reporting company must submit a revised interest restriction return (for the purpose of correcting those figures) to an officer of Revenue and Customs.]

- [^{F10}(5) A revised interest restriction return submitted under sub-paragraph (4) is of no effect unless it is received by an officer of Revenue and Customs before the end of—

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- (a) the period of 3 months beginning with the relevant day, or
 - (b) in a case where sub-paragraph (5B) applies, such longer period as an officer of Revenue and Customs may allow.
- (5A) For the purposes of sub-paragraph (5), the “relevant day” is—
- (a) where the figures contained in the previous interest restriction return have become incorrect as the result of a member of the group amending, or being treated as amending, an amount stated in its company tax return, the first day on which that amount can no longer be altered (within the meaning of paragraph 88(3) to (5) of Schedule 18 to FA 1998);
 - (b) in any other case, the day on which the figures contained in the previous interest restriction return were found to have become incorrect.
- (5B) This sub-paragraph applies where an officer of Revenue and Customs considers that, as a result of an enquiry into a company tax return of another member of the group, the reporting company may subsequently be required to submit another revised interest restriction return under sub-paragraph (4).
- (5C) A revised interest restriction return submitted under sub-paragraph (4) may differ from the previous return only so far as the differences are in consequence of the correction referred to in that sub-paragraph.]
- (6) A return submitted under this paragraph—
- (a) must indicate the respects in which it differs from the previous return, and
 - (b) supersedes the previous return.

Textual Amendments

- F9** Sch. 7A para. 8(4) substituted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by Finance (No. 2) Act 2023 (c. 30), **Sch. 3 para. 21(2)**
- F10** Sch. 7A para. 8(5)-(5C) substituted for Sch. 7A para. 8(5) (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by Finance (No. 2) Act 2023 (c. 30), **Sch. 3 para. 21(3)**

Extended period for submission of full return [F11 for period where no restriction]

Textual Amendments

- F11** Words in Sch. 7A para. 9 cross-heading substituted (15.3.2018) by Finance Act 2018 (c. 3), **Sch. 8 para. 14(4)**

- 9 (1) This paragraph applies where—
- (a) a reporting company has submitted an ^{F12}... interest restriction return for a period of account of a worldwide group in accordance with this Schedule, and
 - (b) the worldwide group is not subject to interest restrictions in the return period.
- (2) Despite the passing of the time limit in paragraph 8(3), [^{F13}an interest restriction return] for the period of account submitted under paragraph 8 [^{F14}which is a full interest restriction return] has effect if it is received before the end of the period of 60 months beginning with the end of the period of account.

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Textual Amendments

- F12** Word in Sch. 7A para. 9(1)(a) omitted (15.3.2018) by virtue of [Finance Act 2018 \(c. 3\)](#), [Sch. 8 para. 14\(2\)](#)
F13 Words in Sch. 7A para. 9(2) substituted (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), [Sch. 8 para. 14\(3\)\(a\)](#)
F14 Words in Sch. 7A para. 9(2) inserted (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), [Sch. 8 para. 14\(3\)\(b\)](#)

Meaning of “consenting company” and “non-consenting company”

- 10 (1) This paragraph makes provision for the purposes of this Part of this Act about whether a company is a “consenting company” in relation to an interest restriction return submitted by a reporting company.
- (2) The company is a “consenting company” in relation to the return if, before the return is submitted—
- (a) it has notified the appropriate persons that it wishes to be a consenting company in relation to interest restriction returns submitted by the reporting company, and
 - (b) it has not notified the appropriate persons that it no longer wishes to be a consenting company in relation to such returns.
- (3) In sub-paragraph (2) “the appropriate persons” means—
- (a) an officer of Revenue and Customs, and
 - (b) the reporting company in relation to the period of account.
- (4) The company is a “non-consenting company”, in relation to the return, if it is not a consenting company in relation to the return.

Company authorising reporting company appointment treated as consenting company

- 11 (1) This paragraph applies where a company—
- (a) is listed in a statement under sub-paragraph (4)(c) of paragraph 1 (list of companies authorising appointment of reporting company), and
 - (b) is not included in a statement under sub-paragraph (6) of that paragraph (companies authorising appointment of reporting company but not wishing to be consenting companies).
- (2) The company is treated as having given, at the time of the appointment, a notice under paragraph 10(2)(a) in relation to interest restriction returns submitted by the reporting company.
- (3) Sub-paragraph (2) does not prevent the company, at any time after the appointment, from giving a notice under paragraph 10(2)(b) in relation to interest restriction returns submitted by the reporting company.

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PART 2

CONTENTS OF INTEREST RESTRICTION RETURN

Elections

- 12 (1) An election to which this paragraph applies must be made in an interest restriction return for the period of account (or, as the case may be, the first period of account) to which the election relates.
- (2) If an election to which this paragraph applies is capable of being revoked, the revocation must be made in an interest restriction return for the period of account (or, as the case may be, the first period of account) to which the revocation relates.
- (3) This paragraph applies to the following elections—
- (a) a group ratio election (see paragraph 13);
 - (b) a group ratio (blended) election (see paragraph 14);
 - (c) a group-EBITDA (chargeable gains) election (see paragraph 15);
 - (d) an interest allowance (alternative calculation) election (see paragraph 16);
 - (e) an interest allowance (non-consolidated investment) election (see paragraph 17);
 - (f) an interest allowance (consolidated partnerships) election (see paragraph 18);
 - (g) an abbreviated return election (see paragraph 19).

Modifications etc. (not altering text)

C1 Sch. 7A para. 12(2) applied (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), [Sch. 8 para. 23\(3\)](#)

Group ratio election

- 13 (1) This paragraph applies where the appointment of a reporting company has effect in relation to a period of account of a worldwide group.
- (2) The reporting company may—
- (a) elect that the interest allowance of the group is to be calculated using the group ratio method, or
 - (b) revoke an election previously made.
- (3) An election or revocation under this paragraph has effect in relation to the period of account.
- (4) An election under this paragraph is referred to in this Part of this Act as a “group ratio election”.
- (5) For provision as to the effect of a group ratio election, see section 396.

Group ratio (blended) election

- 14 (1) This paragraph applies where—
- (a) the appointment of a reporting company has effect in relation to a period of account of a worldwide group,

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- (b) the reporting company makes a group ratio election in respect of the period of account, and
 - (c) a related party investor in relation to the period of account is, throughout the period of account, a member of a worldwide group (an “investor worldwide group”) other than that mentioned in paragraph (a).
- (2) The reporting company may—
- (a) elect that Chapter 5 of Part 10 (interest allowance) is to apply subject to the blended group ratio provisions, or
 - (b) revoke an election previously made.
- (3) An election under this paragraph may—
- (a) specify one or more investor worldwide groups,
 - (b) specify, in relation to any such group, one or more elections under this Schedule that are capable of being made in relation to a period of account by a reporting company of a worldwide group, and
 - (c) specify that the election is to be treated, for the purposes of the blended group ratio provisions, as having effect, or as not having effect, in relation to periods of account of the investor's worldwide group.
- (4) Sub-paragraph (5) applies where—
- (a) an election under this paragraph is made in relation to a period of account,
 - (b) an election under this paragraph was made in relation to any earlier period of account of the group,
 - (c) the election mentioned in paragraph (b) specified, under sub-paragraph (3) (c), that an election (“the investor's election”) was to be treated as having effect in relation to periods of account of the investor's worldwide group, and
 - (d) the investor's election was an election which, if made by a reporting company of a worldwide group, would have been irrevocable.
- (5) The election mentioned in sub-paragraph (4)(a) must specify, under sub-paragraph (3)(c), that the investor's election is to be treated as having effect in relation to periods of account of the investor's worldwide group.
- (6) An election or revocation under this paragraph has effect in relation to the period of account.
- (7) An election under this paragraph is referred to in this Part of this Act as a “group ratio (blended) election”.
- (8) In this paragraph “the blended group ratio provisions” means the provisions of sections 401 to 403.

Group-EBITDA (chargeable gains) election

- 15 (1) This paragraph applies where the appointment of a reporting company has effect in relation to a period of account of a worldwide group.
- (2) The reporting company may elect that Chapter 7 of Part 10 (group-interest and group-EBITDA) is to apply subject to the chargeable gains provisions.
- (3) An election under this paragraph—
- (a) has effect in relation to the period of account and subsequent periods of account of the worldwide group, and

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(b) is irrevocable.

- (4) An election under this paragraph is referred to in this Part of this Act as a “group-EBITDA (chargeable gains) election”.
- (5) In this paragraph “the chargeable gains provisions” means the provisions of section 422.

Interest allowance (alternative calculation) election

- 16 (1) This paragraph applies where the appointment of a reporting company has effect in relation to a period of account of a worldwide group.
- (2) The reporting company may elect that Chapter 7 of Part 10 (group-interest and group-EBITDA) is to apply subject to the alternative calculation provisions.
- (3) An election under this paragraph—
- (a) has effect in relation to the period of account and subsequent periods of account of the worldwide group, and
- (b) is irrevocable.
- (4) An election under this paragraph is referred to in this Part of this Act as an “interest allowance (alternative calculation) election”.
- (5) In this paragraph “the alternative calculation provisions” means sections 423 to 426.

Interest allowance (non-consolidated investment) election

- 17 (1) This paragraph applies where the appointment of a reporting company has effect in relation to a period of account of a worldwide group.
- (2) The reporting company may—
- (a) elect that Chapter 7 of Part 10 (group-interest and group-EBITDA) is to apply subject to the non-consolidated investment provisions, or
- (b) revoke an election previously made.
- (3) An election under this paragraph must specify, for the purposes of the non-consolidated investment provisions, one or more non-consolidated associates of the worldwide group.
- (4) An election or revocation under this paragraph has effect in relation to the period of account.
- (5) An election under this paragraph is referred to in this Part of this Act as an “interest allowance (non-consolidated investment) election”.
- (6) In this paragraph “the non-consolidated investment provisions” means sections 427 and 428.

Interest allowance (consolidated partnerships) election

- 18 (1) This paragraph applies where the appointment of a reporting company has effect in relation to a period of account of a worldwide group.
- (2) The reporting company may elect that Chapter 7 of Part 10 (group-interest and group-EBITDA) is to apply subject to the consolidated partnership provisions.

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- (3) An election under this paragraph must specify, for the purposes of the consolidated partnership provisions, one or more consolidated partnerships of the worldwide group.
- (4) Where an election under this paragraph has been made in relation to a worldwide group, a further election may be made specifying, for the purposes of the consolidated partnership provisions, one or more additional consolidated partnerships of the worldwide group.
- (5) An election under this paragraph—
 - (a) has effect in relation to the period of account and subsequent periods of account of the worldwide group, and
 - (b) is irrevocable.
- (6) An election under this paragraph is referred to in this Part of this Act as an “interest allowance (consolidated partnerships) election”.
- (7) In this paragraph “the consolidated partnership provisions” means the provisions of section 430.

Abbreviated return election

- 19 (1) This paragraph applies where the appointment of a reporting company has effect in relation to a period of account of a worldwide group.
- (2) The reporting company may—
 - (a) elect to submit an abbreviated interest restriction return, or
 - (b) revoke an election previously made.
- (3) An election or revocation under this paragraph has effect in relation to the period of account.
- (4) An election under this paragraph is referred to in this Part of this Act as an “abbreviated return election”.
- (5) For provision as to the effect of an abbreviated return election, see—
 - paragraph 20 of this Schedule (which limits the required contents of the interest restriction return);
 - section 393 (which deprives the group of the use of the interest allowance for the return period, or any earlier period, in future periods of account).

Required contents of interest restriction return: full returns and abbreviated returns

- 20 (1) This paragraph makes provision about the contents of an interest restriction return submitted by the reporting company of a worldwide group.
- (2) Sub-paragraph (3) applies if—
 - (a) the worldwide group is subject to interest restrictions in the return period, or
 - (b) the worldwide group is not subject to interest restrictions in the return period, and no abbreviated return election has effect in relation to the period.
- (3) The interest restriction return must—
 - (a) state the name and (where it has one) the Unique Taxpayer Reference of the ultimate parent of the worldwide group;

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- (b) specify the return period;
 - (c) state the names and Unique Taxpayer References (where they have them) of the companies that were UK group companies at any time during the return period, specifying in relation to each whether it is a consenting or a non-consenting company in relation to the return;
 - (d) contain a statement of calculations (see paragraph 21);
 - (e) if the group is subject to interest restrictions in the return period—
 - (i) contain a statement of that fact,
 - (ii) specify the total disallowed amount, and
 - (iii) contain a statement of allocated interest restrictions (see paragraph 22);
 - (f) if the group is subject to interest reactivations in the return period—
 - (i) contain a statement of that fact,
 - (ii) specify the interest reactivation cap,
 - (iii) contain a statement of allocated interest reactivations (see paragraph 25);
 - (g) contain a declaration by the person making the return that the return is, to the best of that person's knowledge, correct and complete.
- (4) Sub-paragraph (5) applies if—
- (a) the worldwide group is not subject to interest restrictions in the return period, and
 - (b) an abbreviated return election has effect in relation to the period.
- (5) The interest restriction return must—
- (a) state that the group is not subject to interest restrictions in the return period, and
 - (b) comply with paragraphs (a) to (c) and (g) of sub-paragraph (3).
- [In addition to the matters required to be included in an interest restriction return in accordance with sub-paragraph (3) or (5), the return must include such other specified information as may reasonably be required for the purposes of this Part of this Act.
- ^{F15}(5A) In sub-paragraph (5A) “specified” means specified in a notice published by Her Majesty’s Revenue and Customs (and different information may be specified for different purposes).]
- (6) If the ultimate parent of the worldwide group is a deemed parent by virtue of section 477 (stapled entities) or 478 (business combinations), the requirement in sub-paragraph (3)(a) is to state the name and (where it has one) Unique Taxpayer Reference of each of the entities mentioned in that paragraph.
- (7) In this Part of this Act—
- (a) a return prepared in accordance with sub-paragraph (3) is referred to as “a full interest restriction return”;
 - (b) a return prepared in accordance with sub-paragraph (5) is referred to as “an abbreviated interest restriction return”.

Changes to legislation: There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, SCHEDULE 7A. (See end of Document for details)

Textual Amendments

F15 Sch. 7A para. 20(5A)(5B) inserted (with effect in accordance with Sch. 11 para. 26 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 11 para. 18](#)

Statement of calculations

- 21 The statement of calculations required by paragraph 20(3)(d) to be included in a full interest restriction return must include the following information—
- (a) for each company that was a UK group company at any time during the return period—
 - (i) the company's net tax-interest expense, or net tax-interest income, for the return period (see section 389);
 - (ii) the company's tax-EBITDA for the return period (see section 406);
 - (b) the aggregate net tax-interest expense, and aggregate net tax-interest income, of the group for the return period (see section 390);
 - (c) the interest capacity of the group for the return period (see section 392);
 - (d) the aggregate of interest allowances of the group for periods before the return period so far as they are available in the return period (see section 393);
 - (e) the interest allowance of the group for the return period (see section 396);
 - (f) the aggregate tax-EBITDA of the group for the return period (see section 405);
 - (g) where the interest allowance is calculated using the fixed ratio method and that allowance is given by section 397(1)(b), the adjusted net group-interest expense of the group for the return period (see section 413);
 - (h) where the interest allowance is calculated using the group ratio method—
 - (i) the group ratio percentage (see section 399 or 401);
 - (ii) the qualifying net group-interest expense of the group for the return period (see section 414);
 - (iii) the group-EBITDA of the group for the return period (see section 416).

Statement of allocated interest restrictions

- 22 (1) The statement of allocated interest restrictions required by paragraph 20(3)(e) to be included in a full interest restriction return must—
- (a) list one or more companies that—
 - (i) were UK group companies at any time during the return period, and
 - (ii) had net tax-interest expense for the period,
 - (b) in relation to each company listed under paragraph (a), specify an amount, and
 - (c) show the total of the amounts specified under paragraph (b).
- (2) The amount specified under sub-paragraph (1)(b) in relation to a company is referred to in this Part of this Act as the “allocated disallowance” of the company for the return period.
- (3) The allocated disallowance of a company for the return period—

Changes to legislation: There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, SCHEDULE 7A. (See end of Document for details)

- (a) must not exceed the net tax-interest expense of the company for the return period,
 - (b) where the company is a non-consenting company in relation to the return, must not exceed the company's pro-rata share of the total disallowed amount (see paragraph 23), and
 - (c) must not be a negative amount.
- (4) The sum of the allocated disallowances for the return period of the companies listed in the statement must equal the total disallowed amount.
- (5) The statement must also specify an amount in relation to each relevant accounting period of each company listed in the statement.
- (6) The amount specified under sub-paragraph (5) in relation to an accounting period of a company is referred to in this Part of this Act as the “allocated disallowance” of the company for the accounting period.
- (7) In the case of a company that has only one relevant accounting period, the allocated disallowance of the company for that accounting period must be equal to the allocated disallowance of the company for the return period.
- (8) In the case of a company that has more than one relevant accounting period, the allocated disallowance of the company for any of those accounting periods—
- (a) must not exceed so much of the net tax-interest expense of the company for the return period as is referable to the accounting period,
 - (b) where the company is a non-consenting company in relation to the return, must not exceed the accounting period's pro-rata share of the total disallowed amount (see paragraph 24), and
 - (c) must not be a negative amount.
- (9) The sum of the allocated disallowances of the company for its relevant accounting periods must be equal to the allocated disallowance of the company for the return period.

A company's pro-rata share of the total disallowed amount

- 23 (1) This paragraph—
- (a) applies in relation to a worldwide group that is subject to interest restrictions in a period of account of the group, and
 - (b) allocates the total disallowed amount of the group in the period to companies that are UK group companies at any time during the period.
- (2) The amount allocated to a company under this paragraph is referred to in this Part of this Act as the company's “pro-rata share” of the total disallowed amount.
- (3) Sub-paragraph (4) applies in relation to a company that has net tax-interest expense for the period of account.
- (4) The amount of the total disallowed amount that is allocated to the company is—

$$A \times \frac{B}{C}$$

where—

Changes to legislation: There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, SCHEDULE 7A. (See end of Document for details)

A is the total disallowed amount;

B is the net tax-interest expense of the company for the period of account;

C is the sum of the net tax-interest expense for the period of account of each company that has net tax-interest expense for the period.

- (5) Where this paragraph does not allocate any of the total disallowed amount to a company, the company's "pro-rata share" of the total disallowed amount is nil.

Accounting period's pro-rata share of the total disallowed amount

- 24 (1) This paragraph—
- (a) applies in relation to a worldwide group that is subject to interest restrictions in a period of account of the group ("the relevant period of account"), and
 - (b) allocates the total disallowed amount of the group in the period of account to relevant accounting periods of companies that are UK group companies at any time during that period.
- (2) The amount allocated to an accounting period under this paragraph is referred to in this Part of this Act as the accounting period's "pro-rata share" of the total disallowed amount.
- (3) Sub-paragraph (4) applies where—
- (a) a company's pro-rata share of the total disallowed amount is not nil, and
 - (b) the company has only one relevant accounting period.
- (4) The amount of the total disallowed amount that is allocated to the accounting period is the company's pro-rata share of the total disallowed amount.
- (5) Sub-paragraph (6) applies where—
- (a) a company's pro-rata share of the total disallowed amount is not nil, and
 - (b) the company has more than one relevant accounting period.
- (6) The amount of the total disallowed amount that is allocated to a relevant accounting period of the company is—

$$A \times \frac{B}{C}$$

where—

A is the company's pro-rata share of the total disallowed amount;

B is the net tax-interest expense of the company for the accounting period;

C is the sum of the net tax-interest expenses of the company for each relevant accounting period.

- (7) Where this paragraph does not allocate any of the total disallowed amount to an accounting period of a company, the accounting period's "pro-rata share" of the total disallowed amount is nil.

- (8) For the purposes of this paragraph, the "net tax-interest expense" of a company for a relevant accounting period is—

Changes to legislation: There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, SCHEDULE 7A. (See end of Document for details)

- (a) so much of the net tax-interest expense of the company for the relevant period of account as is referable to the accounting period, or
- (b) if the amount determined under paragraph (a) is negative, nil.

Statement of allocated interest reactivations

- 25 (1) The statement of allocated interest reactivations required by paragraph 20(3)(f) to be included in a full interest restriction return must—
- (a) list one or more companies that are UK group companies at any time during the return period,
 - (b) in relation to each company listed under paragraph (a), specify an amount, and
 - (c) show the total of the amounts specified under paragraph (b).
- (2) The amount specified under sub-paragraph (1)(b) in relation to a company is referred to in this Part of this Act as the “allocated reactivation” of the company for the return period.
- (3) The allocated reactivation of a company for the return period—
- (a) must not exceed the amount available for reactivation of the company in the return period (see paragraph 26), and
 - (b) must not be a negative amount.
- (4) The sum of the allocated reactivations for the return period of the companies listed in the statement must equal—
- (a) the sum of the amounts available for reactivation of each company in the return period, or
 - (b) if lower, the interest reactivation cap of the worldwide group in the return period.

“Amount available for reactivation” of company in period of account of group

- 26 (1) This paragraph applies for the purposes of this Part of this Act.
- (2) The “amount available for reactivation” of a company in a period of account of a worldwide group (“the relevant worldwide group”) is—
- (a) the amount determined under sub-paragraph (3), or
 - (b) if lower, the company's interest reactivation cap (see sub-paragraph (5)).
- (3) The amount referred to in sub-paragraph (2)(a) is—

$$A + B - C + D - E$$

where—

A is the total of the disallowed tax-interest expense amounts (if any) that are brought forward to the specified accounting period from earlier accounting periods;

B is the total of the tax-interest expense amounts (if any) that the company is required to leave out of account in the specified accounting period as a result of the operation of this Part of this Act in relation to a period of account of the worldwide group before the period of account;

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C is the total of the disallowed tax-interest expense amounts (if any) that the company is required to bring into account in the specified accounting period as a result of the operation of this Part of this Act in relation to a period of account of the worldwide group before the period of account;

D is the total of the tax-interest expense amounts (if any) that the company is required to leave out of account in the specified accounting period as a result of the operation of this Part of this Act in relation to a period of account of a worldwide group of which the company was a member before it became a member of the relevant worldwide group;

E is the total of the disallowed tax-interest expense amounts (if any) that the company is required to bring into account in the specified accounting period as a result of the operation of this Part of this Act in relation to a period of account of a worldwide group of which the company was a member before it became a member of the relevant worldwide group.

- (4) In sub-paragraph (3) “the specified accounting period” means—
- (a) the earliest relevant accounting period of the company, or
 - (b) where the company became a member of the relevant worldwide group during the period of account, the earliest relevant accounting period of the company in which it was a member of the group.
- (5) For the purposes of sub-paragraph (2)(b) “the interest reactivation cap” of the company is—

$$A \times B$$

where—

A is the interest reactivation cap of the worldwide group in the period of account;

B is the proportion of the period of account in which the company is a UK group company.

Estimated information in statements

- 27 (1) This paragraph applies in relation to a statement under—
- (a) paragraph 21 (statement of calculations),
 - (b) paragraph 22 (statement of allocated interest restrictions), or
 - (c) paragraph 25 (statement of allocated interest reactivations).
- (2) Where any information is included in the statement that is (or is derived from) estimated information, the statement—
- (a) must state that fact, and
 - (b) must identify the information in question.
- (3) Where—
- (a) estimated information (or information deriving from estimated information) is included in an interest restriction return for a period of account in reliance on this paragraph, and
 - (b) a period of 36 months beginning with the end of that period of account has passed without the information becoming final,

Changes to legislation: There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, SCHEDULE 7A. (See end of Document for details)

the reporting company must give a notice to an officer of Revenue and Customs within the period of 30 days beginning with the end of that 36-month period.

- (4) The notice—
- (a) must identify the information in question that is not final, and
 - (b) must indicate when the reporting company expects the information to become final.
- (5) If a company fails to comply with the duty under sub-paragraph (3), it is liable to a penalty of £500.
- (6) An officer of Revenue and Customs may, in a particular case, treat a revised interest restriction submitted after the end of the applicable period under paragraph 8(3)(a) or (b) as having effect if—
- (a) the revisions to the return are limited to those necessary to take account of information that has become final,
 - (b) the officer considers that it was not possible to make those revisions before the end of that period, and
 - (c) the reporting company has complied with the duty under sub-paragraph (3).

Correction of return by officer of Revenue and Customs

- 28 (1) An officer of Revenue and Customs may amend an interest restriction return submitted by a company so as to correct—
- (a) obvious errors or omissions in the return (whether errors of principle, arithmetical mistakes or otherwise), and
 - (b) anything else in the return that the officer has reason to believe is incorrect in the light of information available to the officer.
- (2) A correction under this paragraph is made by notice to the company.
- (3) A correction under this paragraph must not be made more than 9 months after the day on which the return was submitted.
- (4) A correction under this paragraph is of no effect if the company—
- (a) revises the return so as to reject the correction, or
 - (b) after the end of the period mentioned in paragraph 8(3)(a) or (b) but within 3 months from the date of the issue of the notice of correction, gives notice rejecting the correction.
- (5) Notice under sub-paragraph (4)(b) must be given to the officer of Revenue and Customs by whom notice of the correction was given.

Penalty for failure to deliver return

- 29 (1) A company is liable to a penalty if the company—
- (a) is required to submit an interest restriction return under paragraph 7 ^{F16}, or a revised interest restriction return under paragraph 8(4),] for a period of account of a worldwide group, and
 - (b) fails to do so by the filing date in relation to the period ^{F17}....

[In subsection (1)(b), the reference to the “filing date” in relation to a period of account ^{F18}(1A) is—

Changes to legislation: There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, SCHEDULE 7A. (See end of Document for details)

- (a) in relation to an interest restriction return under paragraph 7, a reference to the filing date for the purposes of that paragraph (see paragraph 7(5) and (5A));
 - (b) in relation to a revised interest restriction return under paragraph 8(4), a reference to the end of the period within which the return may have effect (see paragraph 8(5)).]
- (2) The penalty is—
- (a) £500 if the return is delivered within 3 months after the filing date, and
 - (b) £1,000 in any other case.
- (3) If a company becomes liable to a penalty under this paragraph, an officer of Revenue and Customs must—
- (a) assess the penalty, and
 - (b) notify the company.
- (4) The assessment must be made within the period of 12 months beginning with the filing date mentioned in sub-paragraph (1)(b).
- (5) A company may, by notice, appeal against a decision of an officer of Revenue and Customs that a penalty is payable under this paragraph.
- (6) Notice of appeal under this paragraph must be given—
- (a) within 30 days after the penalty was notified to the company,
 - (b) to the officer of Revenue and Customs who notified the company.
- (7) A penalty under this paragraph must be paid before the end of the period of 30 days beginning with—
- (a) the day on which the company was notified of the penalty, or
 - (b) if notice of appeal against the penalty is given, the day on which the appeal is finally determined or withdrawn.

Textual Amendments

- F16** Words in [Sch. 7A para. 29\(1\)\(a\)](#) inserted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), [Sch. 3 para. 22\(2\)\(a\)](#)
- F17** Words in [Sch. 7A para. 29\(1\)\(b\)](#) omitted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by virtue of [Finance \(No. 2\) Act 2023 \(c. 30\)](#), [Sch. 3 para. 22\(2\)\(b\)](#)
- F18** [Sch. 7A para. 29\(1A\)](#) inserted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), [Sch. 3 para. 22\(3\)](#)

- [^{F19}29A (1) Liability to a penalty under paragraph 29 does not arise if the company has a reasonable excuse for failing to submit the return by the filing date.
- (2) If the company has a reasonable excuse for the failure but the excuse has ceased, the company is to be treated as having continued to have the excuse if the return is submitted without unreasonable delay after the excuse ceased.]

Textual Amendments

- F19** Sch. 7A para. 29A inserted (retrospectively) by [Finance Act 2021 \(c. 26\)](#), [s. 38\(4\)\(5\)](#)

Changes to legislation: There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, SCHEDULE 7A. (See end of Document for details)

Penalty for incorrect or uncorrected return

- 30 (1) A company is liable to a penalty if—
- (a) the company (or a person acting on its behalf) submits an interest restriction return to an officer of Revenue and Customs for a period of account of a worldwide group,
 - (b) there is an inaccuracy in the return which meets condition A or B, and
 - (c) the inaccuracy is due to a failure by the company (or a person acting on its behalf) to take reasonable care (a “careless inaccuracy”) or the company makes the inaccuracy deliberately (a “deliberate inaccuracy”).
- (2) An inaccuracy meets condition A if it consists of understating the total disallowed amount in the period of account of the group (including a case where no amount is specified in the return).
- (3) An inaccuracy meets condition B if it consists of overstating the interest reactivation cap in the period of account of the group.
- (4) A penalty payable under this paragraph is equal to the appropriate part of the notional tax.
- (5) For the purposes of this Part of this Schedule—
- “the appropriate part” means—
 - (a) in the case of a careless inaccuracy, 30%,
 - (b) in the case of a deliberate inaccuracy that is not concealed, 70%, and
 - (c) in the case of a deliberate inaccuracy that is concealed, 100%, and
 - “the notional tax” means the result produced by applying the average rate of the main corporation tax rate applicable in each of the days of the period of account to the total of the amount of the understatement referred to in condition A and the amount of the overstatement referred to in condition B.
- (6) A company is not liable to a penalty under this paragraph in respect of anything done or omitted to be done by the company's agent if the company took reasonable care to avoid the inaccuracy.

*Meaning of “deliberate inaccuracy that is concealed”
and discovering inaccuracy after return submitted*

- 31 (1) For the purposes of this Part of this Schedule a deliberate inaccuracy made by a company is concealed if the company makes arrangements to conceal it (for example, by submitting false evidence in support of an inaccurate figure).
- (2) An inaccuracy in an interest restriction return which was not a careless or deliberate inaccuracy made by a company (or a person acting on its behalf) when the return was submitted is taken to be a careless inaccuracy made by the company for the purposes of this Part of this Schedule if the company (or a person acting on its behalf)—
- (a) discovers the inaccuracy at some later time, and
 - (b) does not take reasonable steps to inform an officer of Revenue and Customs.

Inaccuracy in return attributable to another company

- 32 (1) A company (“C”) is liable to a penalty if—

Changes to legislation: There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, SCHEDULE 7A. (See end of Document for details)

- (a) another company submits an interest restriction return for a period of account of a worldwide group,
 - (b) there is an inaccuracy in the return which meets condition A or B in paragraph 30, and
 - (c) the inaccuracy was attributable to C deliberately supplying false information to the other company, or to C deliberately withholding information from the other company, with the intention of the return containing the inaccuracy.
- (2) A penalty is payable under this paragraph in respect of an inaccuracy whether or not the other company is liable to a penalty under paragraph 30 in respect of the same inaccuracy.
- (3) A penalty payable under this paragraph is equal to the notional tax.

Reductions in amount of penalty for disclosure or special circumstances

- 33 (1) If a company liable to a penalty under paragraph 30 or 32 in respect of an inaccuracy discloses the inaccuracy—
- (a) the penalty must be reduced to one that reflects the quality of the disclosure (including its timing, nature and extent), but
 - (b) the penalty may not be reduced below the applicable minimum.
- (2) In the case of a penalty under paragraph 30, the applicable minimum is—
- (a) in the case of a careless inaccuracy, 0% of the notional tax if the disclosure is unprompted and 15% otherwise,
 - (b) in the case of a deliberate inaccuracy that is not concealed, 30% of the notional tax if the disclosure is unprompted and 45% otherwise, and
 - (c) in the case of a deliberate inaccuracy that is concealed, 40% of the notional tax if the disclosure is unprompted and 60% otherwise.
- (3) In the case of a penalty under paragraph 32, the applicable minimum is 40% of the notional tax if the disclosure is unprompted and 60% otherwise.
- (4) For the purposes of this paragraph—
- (a) a person makes a disclosure of an inaccuracy by telling an officer of Revenue and Customs about it, giving an officer of Revenue and Customs reasonable help in quantifying it and allowing an officer of Revenue and Customs access to records to ensure that it is fully corrected, and
 - (b) a person makes an “unprompted” disclosure at any time if the person has no reason at that time to believe that an officer of Revenue and Customs have discovered, or are about to discover, the inaccuracy.
- (5) If they think it right because of special circumstances, an officer of Revenue and Customs may—
- (a) reduce a penalty under paragraph 30 or 32, or
 - (b) stay the penalty or agree a compromise in relation to proceedings for the penalty.
- (6) The reference to special circumstances does not include an ability to pay but, subject to that, is taken to include, or exclude, such other circumstances as are prescribed by regulations made by the Commissioners.

Changes to legislation: There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, SCHEDULE 7A. (See end of Document for details)

- (7) The power to prescribe circumstances includes power to prescribe circumstances by reference to the notional tax and the extent to which the notional tax exceeds, or is likely to exceed, any actual loss of tax to the Crown.

Assessment, payment and enforcement of penalty

- 34 (1) If a person becomes liable to a penalty under paragraph 30 or 32, an officer of Revenue and Customs must—
- (a) assess the penalty, and
 - (b) notify the person.
- (2) The assessment must be made within the period of 12 months beginning with the day on which the inaccuracy is corrected.
- (3) The penalty must be paid before the end of the period of 30 days beginning with—
- (a) the day on which the person was notified of the penalty, or
 - (b) if notice of appeal against the penalty is given, the day on which the appeal is finally determined or withdrawn.
- (4) An assessment may be enforced—
- (a) as if it were an assessment to corporation tax (which, among other things, secures the application of Chapters 6 and 7 of Part 22 of CTA 2010 (corporation tax payable by non-UK resident companies: recovery from others)), and
 - (b) as if that assessment were also an assessment to corporation tax of any company which was a UK group company of the group at any time in the period of account in relation to which the interest restriction return contained an inaccuracy.

Right to appeal against penalty or its amount

- 35 A person may, by notice, appeal against—
- (a) a decision of an officer of Revenue and Customs that a penalty under paragraph 30 or 32 is payable, or
 - (b) a decision of an officer of Revenue and Customs as to the amount of a penalty under paragraph 30 or 32.

Procedure on appeal

- 36 (1) Notice of an appeal under paragraph 35 must be given—
- (a) within 30 days after the penalty was notified to the person,
 - (b) to an officer of Revenue and Customs.
- (2) On an appeal notified to the tribunal against a decision that a penalty is payable, the tribunal may confirm or cancel the decision.
- (3) On an appeal notified to the tribunal against the amount of a penalty, the tribunal may—
- (a) confirm the decision, or
 - (b) substitute for the decision another decision that an officer of Revenue and Customs had power to make.

*Changes to legislation: There are currently no known outstanding effects for the Taxation
(International and Other Provisions) Act 2010, SCHEDULE 7A. (See end of Document for details)*

- (4) If the tribunal substitutes its decision for a decision of an officer of Revenue and Customs, the tribunal may rely on paragraph 33(5)—
 - (a) to the same extent as an officer of Revenue and Customs (which may mean applying the same percentage reduction as the officer to a different starting point), or
 - (b) to a different extent, but only if the tribunal thinks that the decision in respect of the application of paragraph 33(5) was flawed.
- (5) For this purpose “flawed” means flawed when considered in the light of the principles applicable in proceedings for judicial review.
- (6) Subject to this Part of this Schedule, the provisions of Part 5 of TMA 1970 relating to appeals have effect in relation to appeals under this Part of this Schedule as they have effect in relation to appeals against an assessment to corporation tax.

Payments between companies in respect of penalties

- 37 (1) This paragraph applies if—
 - (a) a company (“P”) liable to a penalty under this Part of this Schedule has an agreement in relation to the penalty with one or more other companies within the charge to corporation tax, and
 - (b) as a result of the agreement, P receives a payment or payments in respect of the penalty that do not, in total, exceed the amount of the penalty.
- (2) The payment—
 - (a) is not to be taken into account in calculating the profits for corporation tax purposes of either P or the company making the payment, and
 - (b) is not to be regarded as a distribution for corporation tax purposes.

PART 3

DUTY TO KEEP AND PRESERVE RECORDS

Duty to keep and preserve records

- 38 (1) A company which is a reporting company in relation to a period of account of a worldwide group must—
 - (a) keep such records as may be needed to enable it to submit a correct and complete interest restriction return for the period, and
 - (b) preserve those records in accordance with this paragraph.
- (2) The records must be preserved until the end of the relevant day.
- (3) In this paragraph “the relevant day” means—
 - (a) the sixth anniversary of the end of the period of account, or
 - (b) such earlier date as may be specified in writing by an officer of Revenue and Customs (and different days may be specified for different cases).
- (4) If the company is required to submit an interest restriction return for the period before the end of the relevant day, the records must be preserved until any later date on which—

Changes to legislation: There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, SCHEDULE 7A. (See end of Document for details)

- (a) any enquiry into the return is complete, or
 - (b) if there is no enquiry, an officer of Revenue and Customs no longer has the power to enquire into the return (but, for this purpose, paragraph 42 is to be ignored).
- (5) If the company is required to submit an interest restriction return for the period after the end of the relevant day and has in its possession at that time any records that may be needed to enable it to submit a correct and complete return, it is under a duty to preserve those records until the date on which—
- (a) any enquiry into the return is complete, or
 - (b) if there is no enquiry, an officer of Revenue and Customs no longer has the power to enquire into the return (but, for this purpose, paragraph 42 is to be ignored).
- (6) The duty under this paragraph to preserve records may be discharged—
- (a) by preserving them in any form and by any means, or
 - (b) by preserving the information contained in them in any form and by any means,
- subject to any conditions or exceptions specified in writing by an officer of Revenue and Customs.
- (7) The Commissioners may by regulations—
- (a) provide that the records required to be kept and preserved under this paragraph include, or do not include, records specified in the regulations, and
 - (b) provide that those records include supporting documents so specified.
- (8) The regulations may make provision by reference to things specified in a notice published by the Commissioners in accordance with the regulations (and not withdrawn by a subsequent notice).

Penalty for failure to keep and preserve records

- 39 (1) A company which fails to comply with paragraph 38 is liable to a penalty not exceeding £3,000.
- (2) If a company becomes liable to a penalty under this paragraph, an officer of Revenue and Customs must—
- (a) assess the penalty, and
 - (b) notify the company.
- (3) The assessment must be made within the period of 12 months beginning with the day on which an officer of Revenue and Customs first becomes aware that the company has failed to comply with paragraph 38.
- (4) A company may, by notice, appeal against a decision of an officer of Revenue and Customs that a penalty is payable under this paragraph.
- (5) Notice of appeal under this paragraph must be given—
- (a) within 30 days after the penalty was notified to the company,
 - (b) to the officer of Revenue and Customs who notified the company.
- (6) A penalty under this paragraph must be paid before the end of the period of 30 days beginning with—

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- (a) the day on which the company was notified of the penalty, or
- (b) if notice of appeal against the penalty is given, the day on which the appeal is finally determined or withdrawn.

PART 4

ENQUIRY INTO INTEREST RESTRICTION RETURN

Notice of enquiry

- 40 (1) An officer of Revenue and Customs may enquire into an interest restriction return submitted by a reporting company if the officer gives notice to the company of the officer's intention to do so (“notice of enquiry”).
- (2) The general rule is that an interest restriction return which has been the subject of one notice of enquiry may not be the subject of another.
- (3) If a return (“the previous return”) is superseded by an interest restriction return submitted under paragraph 8 (“the revised return”), notice of enquiry may be given in relation to the revised return even though notice of enquiry has been given in relation to the previous return.
- (4) But see paragraph 43(5) for a limitation in certain circumstances on the scope of an enquiry into an interest restriction return submitted under paragraph 8.
- (5) The power to give notice of enquiry into an interest restriction return for a period of account of a worldwide group does not restrict the power to give notice of enquiry into a company tax return of a company that is a member of the group at any time in that period.
- (6) Accordingly, an amendment of the company's company tax return may be required as a result of an enquiry into the interest restriction return even though a closure notice has been given in respect of an enquiry into that company tax return.
- (7) But see paragraph 43(2) for a limitation on the scope of an enquiry into an interest restriction return so far as affecting amounts in a company tax return.

Normal time limits for opening enquiry

- 41 (1) This paragraph applies where an interest restriction return is submitted by a reporting company for a period of account.
- (2) Notice of enquiry may be given at any time before whichever is the latest of—
- (a) the end of the period of 39 months beginning with the end of the period of account;
 - (b) ^{F20}... and
 - (c) the end of 31 January, 30 April, 31 July or 31 October next following the first anniversary of the day on which an officer of Revenue and Customs receives the [^{F21}return or] revised return.
- (3) If—

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- (a) estimated information (or information deriving from estimated information) is included in an interest restriction return for a period of account in reliance on paragraph 27, and
 - (b) a period of 36 months beginning with the end of that period of account has passed without the information becoming final,
- notice of enquiry may be given at any time up to and including the end of the period of 12 months beginning with the end of that 36-month period.
- (4) This paragraph is subject to paragraph 42 (which allows notices of enquiry to be given after the time allowed by this paragraph or an enquiry previously closed to be re-opened).

Textual Amendments

- F20** Sch. 7A para. 41(2)(b) omitted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by virtue of Finance (No. 2) Act 2023 (c. 30), Sch. 3 para. 23(a)
- F21** Words in Sch. 7A para. 41(2)(c) inserted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by Finance (No. 2) Act 2023 (c. 30), Sch. 3 para. 23(b)

Extended time limits for opening enquiries: discovery of errors

- 42 (1) Notice of enquiry may be given later than the time allowed under paragraph 41, or a closed enquiry may be re-opened, if—
- (a) an officer of Revenue and Customs discovers that an interest restriction return submitted to an officer of Revenue and Customs does not, or might not, comply with the requirements of paragraph 20(3) in any respect,
 - (b) there would be, or might be, an increase in tax payable by any company for any accounting period if the return had complied with those requirements in that respect,
 - (c) the discovery is made after the time allowed under paragraph 41 or after an enquiry into the return has been closed, and
 - (d) the officer could not, at the relevant time and by reference to the relevant information, have been reasonably expected to be aware of the respects in which the return might not comply with those requirements.
- (2) For this purpose “the relevant time” means—
- (a) in a case where no notice of enquiry has been given within the time allowed under paragraph 41, when an officer of Revenue and Customs ceased to be entitled to give a notice, or
 - (b) in a case where an enquiry has been closed, when the officer gave the closure notice.
- (3) For this purpose “the relevant information” means information which—
- (a) is contained in the interest restriction return in question or either of the two returns for the immediately preceding periods of account of the group,
 - (b) is contained in any documents, financial statements or other accounts or information produced or provided to an officer of Revenue or Customs for the purposes of an enquiry into the interest restriction return in question or either of the two returns for the immediately preceding periods of account of the group,

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- (c) is information the existence of which, and the relevance of which as regards the situation mentioned in sub-paragraph (1)(b), could reasonably be expected to be inferred by an officer of Revenue and Customs from information falling with paragraph (a) or (b) of this sub-paragraph, or
 - (d) is information the existence of which, and the relevance of which as regards the situation mentioned in sub-paragraph (1)(b), are notified in writing to an officer of Revenue and Customs by the reporting company for the period of account or a person acting on its behalf.
- (4) Notice of enquiry into an interest restriction return for a period of account may not be given, or a closed enquiry may not be re-opened, as a result of this paragraph more than the applicable number of years after the end of the period of account.
- (5) The “applicable number of years” is—
- (a) 20 years in a case involving deliberate non-compliance by the reporting company for the period of account or by a qualifying person,
 - (b) 6 years in a case involving careless non-compliance by the reporting company for the period of account or by a qualifying person, and
 - (c) 4 years in any other case.
- (6) For this purpose “qualifying person” means—
- (a) a person acting on behalf of the reporting company for the period of account, or
 - (b) a person who was a partner of the reporting company for the period of account at the relevant time.
- (7) For the purposes of this paragraph an enquiry is “closed” when a closure notice is given in relation to the enquiry.

Scope of enquiry

- 43 (1) An enquiry into an interest restriction return extends to anything contained, or required to be contained, in the return (including any election included in the return).
- (2) But the enquiry does not extend to an enquiry into an amount—
- (a) which is contained, or required to be contained, in a company tax return of a UK group company, and
 - (b) which is taken into account in any calculation required for the purposes of the interest restriction return.
- (3) Sub-paragraph (2) does not affect—
- (a) any question as to whether or not, as a result of this Part of this Act, the amount falls to be left out of account, or to be brought into account, in any accounting period of the company, or
 - (b) the way in which, by reference to that amount and other matters, any provision of this Part of this Act has effect to determine whether or not the amount, or any other amount, is to be left out of, or brought into account, in any accounting period (whether of that company or another company).
- (4) Nor does sub-paragraph (2) limit the operation of any provision of Part 4 of Schedule 18 to FA 1998 (determinations and assessments made by officers of Revenue and Customs).
- (5) If—

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- (a) at any time an enquiry into an interest restriction return (“the previous return”) has been closed, and
 - (b) the previous return is subsequently superseded by an interest restriction return submitted under paragraph 8 (“the revised return”),
- the enquiry into the revised return extends only to matters arising as a result of information that was not included in the previous return.
- (6) For this purpose an enquiry is “closed” when a closure notice is given in relation to the enquiry.

Enquiry into return for wrong period or wrong group

- 44 (1) If it appears to an officer of Revenue and Customs that the period of account for which an interest restriction return has been submitted is or may be the wrong period, the power to enquire into the return includes power to enquire into the period for which the return ought to have been made.
- (2) If sub-paragraph (1) applies, paragraph 41 (normal time limits for opening enquiry) has effect as if the return were one that had been submitted for the correct period of account.
- (3) If it appears to an officer of Revenue and Customs that the worldwide group (“the relevant group”) in relation to which an interest restriction return has been submitted—
- (a) consists of, or may consist of, two or more worldwide groups,
 - (b) includes, or may include, entities that are members of a different worldwide group or groups, or
 - (c) does not include, or may not include, entities that should be members of the relevant group,
- the power to enquire into the return includes power to enquire into the returns for the periods of account of the worldwide groups which ought to have been made.

Amendment of self-assessment during enquiry to prevent loss of tax

- 45 (1) If after notice of enquiry has been given into an interest restriction return but before the enquiry is completed, an officer of Revenue and Customs forms the opinion that—
- (a) the amount stated in the self-assessment of a company as the amount of tax payable is insufficient,
 - (b) the deficiency is attributable to matters in relation to which the enquiry extends, and
 - (c) unless the assessment is immediately amended there is likely to be a loss of tax to the Crown,
- the officer may by notice to the company amend its self-assessment to make good the deficiency.
- (2) In sub-paragraph (1) the reference to a company is to a company that was a member of the group at any time in the period of account for which the interest restriction return was submitted.
- (3) An appeal may be brought, by notice, against an amendment of a company's self-assessment by an officer of Revenue and Customs under this paragraph.

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- (4) Notice of appeal must be given—
 - (a) within 30 days after the amendment was notified to the company,
 - (b) to the officer of Revenue and Customs by whom the notice of amendment was given.
- (5) None of the steps mentioned in section 49A(2)(a) to (c) of TMA 1970 (reviews of the matter or notification of appeal to tribunal) may be taken in relation to the appeal before the completion of the enquiry.
- (6) In this paragraph “self-assessment” has the meaning given by paragraph 7 of Schedule 18 to FA 1998.

Revision of interest restriction return during enquiry

- 46
- (1) This paragraph applies if a reporting company submits a revised interest restriction return at a time when an enquiry is in progress into the previous return.
 - (2) The submission of the revised return does not restrict the scope of the enquiry but the revisions may be taken into account (together with any matter arising) in the enquiry.
 - (3) So far as the revised return affects the tax payable by a company, it does not take effect until the enquiry is completed (and, accordingly, paragraph 70 has effect subject to this sub-paragraph).
 - (4) But sub-paragraph (3) does not affect any claim by the company under section 59DA of TMA 1970 (claim for repayment in advance of liability being established).
 - (5) The submission of a revised return whose effect is deferred under sub-paragraph (3) takes effect as follows—
 - (a) if the conclusions in the closure notice state either—
 - (i) that the revisions were not taken into account in the enquiry, or
 - (ii) that no revision of the revised return is required arising from the enquiry,
 the revision takes effect on the completion of the enquiry, and
 - (b) in any other case, the revisions take effect as part of the steps required to be taken in order to give effect to the conclusions stated in the closure notice.
 - (6) For the purposes of this paragraph the period during which an enquiry into an interest restriction return is in progress is the whole of the period—
 - (a) beginning with the day on which an officer of Revenue and Customs gives notice of enquiry into the return, and
 - (b) ending with the day on which the enquiry is completed.

Completion of enquiry

- 47
- (1) An enquiry into an interest restriction return submitted by a reporting company is completed when an officer of Revenue and Customs by notice (a “closure notice”)—
 - (a) informs the company that the officer has completed the enquiry, and
 - (b) states the officer's conclusions.
 - (2) The closure notice takes effect when it is given.

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- (3) If an officer of Revenue and Customs concludes that the return should have been made for one or more different periods of account of the group, the closure notice must designate the period of account (or periods of account) for which the return should have been made.
- (4) If an officer of Revenue and Customs concludes that an interest restriction return in relation to a worldwide group should have been submitted—
 - (a) in relation to one or more different worldwide groups, or
 - (b) in relation to a different membership,the closure notice must designate each period of account of a worldwide group for which an interest restriction return should have been made or for which an interest restriction return should have been submitted in relation to a different membership.
- (5) If the officer concludes that the group in relation to which the return was submitted has a different membership, the designation under sub-paragraph (4) must also include details of the members of the group that the officer considers are UK group companies.
- (6) If the officer concludes that the return should have been submitted in relation to one or more different worldwide groups, the designation under sub-paragraph (4) must also include—
 - (a) sufficient details to identify the different worldwide group or groups, and
 - (b) details of the members of the group that the officer considers are UK group companies.
- (7) A designation by a closure notice of a period of account under this paragraph must specify the dates on which the period of account begins and ends.
- (8) In this paragraph references to UK group companies, in relation to a period of account, do not include UK group companies that are dormant throughout the period.

Direction to complete enquiry

- 48
- (1) An application may be made at any time to the tribunal for a direction that an officer of Revenue and Customs gives a closure notice in respect of an enquiry into an interest restriction return within a specified period.
 - (2) The application is to be made by the reporting company for the period of account of the group for which the return was submitted.
 - (3) The application is subject to the relevant provisions of Part 5 of TMA 1970 (see, in particular, section 48(2)(b) of that Act).
 - (4) The tribunal must give a direction unless satisfied that an officer of Revenue and Customs has reasonable grounds for not giving a closure notice within a specified period.

Conclusions of enquiry

- 49
- (1) This paragraph applies where a closure notice is given under paragraph 47 to a company by an officer.
 - (2) The closure notice must—

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- (a) state that, in the officer's opinion, no steps are required to be taken by the company as a result of the enquiry, or
 - (b) state the steps that the company is required to take in order to give effect to the conclusions stated in the notice.
- (3) The closure notice may (but need not) specify the allocated disallowance for particular companies specified in the notice.
- (4) If—
- (a) the return was made for the wrong period, and
 - (b) a period of account designated under paragraph 47(3) begins or ends at any time in that period,
- the closure notice must require the company to take steps to make the return one appropriate to that designated period of account.
- (5) If there is more than one designated period of account within sub-paragraph (4), the closure notice must require the company to submit an interest restriction return for each of those designated periods of account.
- (6) If—
- (a) a period of account of a worldwide group (“the relevant group”) is designated under paragraph 47(4),
 - (b) the company is a member of the relevant group for that period of account, and
 - (c) condition A or B is met,
- the closure notice must require the company to submit an interest restriction return for the designated period of account of the relevant group.
- (7) Condition A is met if the UK group companies comprised in the relevant group were regarded as members of the worldwide group in relation to which the return was made.
- (8) Condition B is met if—
- (a) the relevant group includes UK group companies that were not regarded as members of the group in relation to which the return was made, and
 - (b) the ultimate parent of the relevant group is not the ultimate parent of a worldwide group in relation to which a reporting company has been appointed for a period of account that includes a time falling within the designated period of account of the relevant group.
- (9) If sub-paragraph (6) applies in relation to two or more designated periods of account of a worldwide group (whether those periods are of the same or different groups), the closure notice must require the company to submit separate interest restriction returns for each of the designated periods of account.
- (10) If, as a result of this paragraph, a closure notice requires a company to submit an interest restriction return for a period of account of a worldwide group, the company is treated for the purposes of this Part of this Act as if it had been appointed as the reporting company of the group in relation to the period.
- (11) For this purpose it does not matter whether the return that was subject to the enquiry was submitted in relation to a different worldwide group.
- (12) Sub-paragraph (10) is ignored in determining the period within which the return must be submitted (as to which, see instead paragraph 50(2)).

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Interest restriction returns to be submitted to an officer of Revenue and Customs

- 50 (1) If, as a result of a closure notice given under paragraph 47 (closure notice in respect of a return subject to enquiry), a company is required to submit one or more interest restriction returns, the return or returns must—
- (a) be submitted to an officer of Revenue and Customs,
 - (b) give effect to the conclusions stated in the notice, and
 - (c) contain such consequential provision as the company considers appropriate.
- (2) A return submitted in compliance with the closure notice is of no effect unless it is received by an officer of Revenue and Customs before the end of the period of 3 months beginning with the day on which the closure notice is given to the company.
- (3) A return submitted in compliance with the closure notice—
- (a) must indicate the respects in which it differs from the return that was the subject of the enquiry, and
 - (b) supersedes that return.
- (4) For provision dealing with cases where no return is submitted before the end of the period mentioned in sub-paragraph (2), see paragraph 58.

Return in relation to a worldwide group: other entities part of another group

- 51 (1) This paragraph applies if—
- (a) an enquiry has been made into an interest restriction return (“the original return”) for a period of account of a worldwide group (“the original group”),
 - (b) a closure notice has been given in respect of the enquiry that designates a period of account of a worldwide group under paragraph 47(4) (“the new group”),
 - (c) the new group consists of both UK group companies that were not regarded as members of the original group and other UK group companies, and
 - (d) the ultimate parent of the new group is the ultimate parent of a worldwide group (“the existing group”) in relation to which a reporting company has been appointed for a period of account that includes a time falling within the designated period of account of the new group.
- (2) An officer of Revenue and Customs must give a notice to that company appointing it as the reporting company in relation to each designated period of account of the new group.
- (3) The notice of appointment must be given within the period of 30 days beginning with the day on which the closure notice was given.
- (4) If—
- (a) an interest restriction return has been submitted for a period of account of the existing group, and
 - (b) that period of account begins or ends at any time in a designated period of account of the new group,
- the return is to be treated as withdrawn.
- (5) Accordingly—
- (a) any notice of enquiry or closure notice in relation to the return is also to be treated as withdrawn,

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- (b) any appeal in respect of any matter stated in a closure notice in relation to the return is treated as withdrawn, and
 - (c) any determination of any such appeal is treated as being of no effect.
- (6) If—
- (a) an interest restriction return for a period of account is treated as withdrawn as a result of sub-paragraph (4), and
 - (b) the period of account begins at any time before a designated period of account of the new group,
- the notice under sub-paragraph (2) is also to be treated as if it constituted, on the day on which it is given, the appointment of the company in relation to a period of account of the existing group beginning with that time and ending immediately before the beginning of the designated period of account.
- (7) If—
- (a) enquiries are open at any time in relation to more than one interest restriction return, and
 - (b) this paragraph is capable of applying by reference to a closure notice to be given in respect of any one of those enquiries (so that a worldwide group could be either the original group or the existing group),
- an officer of Revenue and Customs must select the company that, in the officer's opinion, ought to be the reporting company in relation to the new group.
- (8) For this purpose an enquiry is “open” in relation to an interest restriction return if no closure notice has been given in relation to the enquiry.

Appeal against closure notice or notice under paragraph 51

- 52 (1) If a closure notice —
- (a) is given to a company under paragraph 47, and
 - (b) contains a statement under paragraph 49(2)(b),
- the company may appeal against the statement.
- (2) If a notice is given to a company under paragraph 51, the company may appeal against the notice.
- (3) Notice of appeal under this paragraph must be given—
- (a) within 30 days after the notice was given to the company,
 - (b) to the officer of Revenue and Customs by whom the notice in question was given.

New groups without existing reporting company

- 53 (1) This paragraph applies if—
- (a) a closure notice is given to a company under paragraph 47,
 - (b) a period of account of a worldwide group (“the new group”) is designated under paragraph 47(4) in the closure notice,
 - (c) the company is not a member of the new group at any time in that period of account, and
 - (d) paragraph 51 does not apply.

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- (2) An officer of Revenue and Customs may appoint a company to be the reporting company of the new group in relation to that period.
- (3) The appointment—
 - (a) must be of a company that was a UK group company at any time during that period and was not dormant throughout that period, and
 - (b) must be made before the end of the period of 3 months beginning with the day on which the closure notice is given to the company.

Matters required to be done on a “just and reasonable” basis

- 54
- (1) This paragraph applies if—
 - (a) anything is required to be done under any provision of this Part of this Act on a “just and reasonable” basis,
 - (b) in preparing an interest restriction return the reporting company adopts a particular basis for dealing with that thing, and
 - (c) notice of enquiry is given into the return.
 - (2) An officer of Revenue and Customs may determine that, in preparing the return, a different just and reasonable basis should have been adopted for dealing with that thing.
 - (3) A closure notice given in respect of the return must require the reporting company to whom the notice is given to revise the return to give effect to that determination.
 - (4) The officer's determination may be questioned on an appeal under paragraph 52 on the ground that the basis to be adopted is not just and reasonable (but not on any other ground).

References to a reporting company where replaced

- 55
- (1) This paragraph applies where—
 - (a) the appointment of a reporting company has effect in relation to a period of account of a worldwide group, and
 - (b) another reporting company is appointed in place of that company and the appointment has effect in relation to that period of account.
 - (2) Any reference in this Part of this Schedule (however expressed) to the reporting company in relation to that period of account at any time is to the company which is the reporting company at that time in relation to that period of account.

PART 5

DETERMINATIONS BY OFFICERS OF REVENUE AND CUSTOMS

Power of Revenue and Customs to make determinations where no return filed etc

- 56
- (1) This paragraph applies where—
 - (a) an officer of Revenue and Customs considers that a worldwide group was subject to interest restrictions in a period of account of the group (“the relevant period of account”),

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- (b) [^{F22}the filing date in relation to the relevant period of account has passed (see paragraph 7(5)),] and
- (c) condition ^{F23}... B [^{F24}, C or D] is met.

^{F25}(2)

^{F26}(3)

- (4) Condition B is that—
 - (a) the appointment of a reporting company has effect in relation to the relevant period of account, and
 - (b) no interest restriction return has been submitted for the period.
- (5) Condition C is that—
 - (a) the appointment of a reporting company has effect in relation to the relevant period of account,
 - (b) an interest restriction return has been submitted for the period, and
 - (c) the return does not comply with the requirements of paragraph 20(3) (for example by including inaccurate figures).

[Condition D is that—

- ^{F27}(5A) (a) the appointment of a reporting company has effect in relation to the relevant period of account,
- (b) the reporting company is required to submit a revised interest restriction return for the period under paragraph 8(4), and
- (c) the time limit in paragraph 8(5) for the submission of the revised return has passed without the revised return being received by an officer of Revenue and Customs.]
- (6) An officer of Revenue and Customs may determine, to the best of the officer's information and belief—
 - (a) a company's pro-rata share of the total disallowed amount of the group for the relevant period of account, and
 - (b) in relation to each relevant accounting period of the company, the accounting period's pro-rata share of the total disallowed amount.
- (7) If, as a result of the determination, an accounting period's pro-rata share of the total disallowed amount is not nil, the company must leave out of account tax-interest expense amounts in that period that, in total, equal that pro-rata share.
- (8) A notice of determination under this paragraph must be given to the company, and to the reporting company, stating the date on which the determination is made.
- (9) No determination under this paragraph may be made^{F28}—
 - (a) in a case where Condition D is met, after the end of the period of 12 months beginning with the expiry of the time limit mentioned in paragraph 8(5), and
 - (b) in any other case,] after the end of the period of 3 years beginning with [^{F29}the filing date referred to in sub-paragraph (1)(b)].

Changes to legislation: There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, SCHEDULE 7A. (See end of Document for details)

Textual Amendments

- F22** Sch. 7A para. 56(1)(b) substituted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by Finance (No. 2) Act 2023 (c. 30), **Sch. 3 para. 24(2)**
- F23** Word in Sch. 7A para. 56(1)(c) omitted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by virtue of Finance (No. 2) Act 2023 (c. 30), **Sch. 3 para. 24(3)(a)**
- F24** Words in Sch. 7A para. 56(1)(c) substituted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by Finance (No. 2) Act 2023 (c. 30), **Sch. 3 para. 24(3)(b)**
- F25** Sch. 7A para. 56(2) omitted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by virtue of Finance (No. 2) Act 2023 (c. 30), **Sch. 3 para. 24(4)**
- F26** Sch. 7A para. 56(3) omitted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by virtue of Finance (No. 2) Act 2023 (c. 30), **Sch. 3 para. 24(4)**
- F27** Sch. 7A para. 56(5A) inserted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by Finance (No. 2) Act 2023 (c. 30), **Sch. 3 para. 24(5)**
- F28** Sch. 7A para. 56(9)(a)(b) inserted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by Finance (No. 2) Act 2023 (c. 30), **Sch. 3 para. 24(6)(a)**
- F29** Words in Sch. 7A para. 56(9) substituted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by Finance (No. 2) Act 2023 (c. 30), **Sch. 3 para. 24(6)(b)**

Time limit: interest restriction return following determination under paragraph 56

- 57 (1) Sub-paragraph (2) applies where—
- (a) a notice of determination under paragraph 56 is given to a company, and
 - (b) at the time the notice is given, no interest restriction return for the relevant period of account has been submitted under paragraph 7.
- (2) Despite the passing of the time limit in paragraph 7(6), an interest restriction return for the relevant period of account submitted under paragraph 7 has effect if it is received before the end of the period of 12 months beginning with the date on which the notice is given.
- (3) Sub-paragraph (4) applies where—
- (a) a notice of determination under paragraph 56 is given to a company, and
 - (b) at the time the notice is given, an interest restriction return for the relevant period of account has been submitted under paragraph 7.
- (4) Despite the passing of the time limit in paragraph 8(3), an interest restriction return for the relevant period of account submitted under paragraph 8 has effect if it is received before the end of the period of 12 months beginning with the date on which the notice is given.
- (5) In this paragraph “the relevant period of account” means the period of account to which the determination in question relates.

Power of Revenue and Customs to make determinations following enquiry

- 58 (1) This paragraph applies where—
- (a) as a result of a closure notice given under paragraph 47 (closure notice in respect of a return subject to enquiry), a company is required to submit an interest restriction return (“the return”) in relation to a worldwide group,
 - (b) the worldwide group is subject to interest restrictions in the return period, and

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- (c) condition A or B is met.
- (2) Condition A is that the time limit in paragraph 50(2) for submission of the return has passed without the return being received by an officer of Revenue and Customs.
- (3) Condition B is that—
 - (a) the return has been received by an officer of Revenue and Customs before the time limit in paragraph 50(2), and
 - (b) the officer considers that the return does not comply with the requirements of the closure notice.
- (4) An officer of Revenue and Customs may determine, to the best of the officer's information and belief—
 - (a) a company's pro-rata share of the total disallowed amount of the group for the period of account in question, and
 - (b) in relation to each relevant accounting period of the company, the accounting period's pro-rata share of the total disallowed amount.
- (5) If, as a result of the determination, an accounting period's pro-rata share of the total disallowed amount is not nil, the company must leave out of account tax-interest expense amounts in that period that, in total, equal that pro-rata share.
- (6) A notice of determination under this paragraph must be given to the company, and to the reporting company, stating the date on which the determination is made.
- (7) No determination under this paragraph may be made after the end of the period of 3 months beginning with the end of the period mentioned in paragraph 50(2).

Appeal against determination under paragraph 58

- 59 (1) If a notice of determination under paragraph 58 is given to a company, the company may appeal against the notice.
- (2) The only ground on which an appeal under this paragraph may be brought is that the determination is inconsistent with the requirements of the closure notice to which it relates.
- (3) Notice of appeal under this paragraph must be given—
 - (a) within 30 days after the notice of determination was given to the company,
 - (b) to the officer of Revenue and Customs by whom the notice of determination was given.

PART 6

INFORMATION POWERS EXERCISABLE BY MEMBERS OF GROUP

Provision of information to and by the reporting company

- 60 (1) The reporting company in relation to a period of account of a worldwide group may, by notice, require a company that was a UK group company at any time during the period to provide it with information that it needs for the purpose of exercising functions under or by virtue of this Part of this Act.
- (2) A notice under sub-paragraph (1) must specify the information to be provided.

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- (3) The duty to comply with a notice under sub-paragraph (1) is enforceable by the reporting company.
- (4) As soon as reasonably practicable after submitting an interest restriction return to an officer of Revenue and Customs under any provision of this Schedule, the reporting company must send a copy of it to each company that was a UK group company at any time during the period of account.
- (5) If a reporting company receives a closure notice under paragraph 47, the reporting company must, as soon as reasonably practicable, send a copy of the notice to every company that was a UK group company at any time during the period of account that was subject to the enquiry.
- (6) The duty to comply with sub-paragraph (4) or (5) is enforceable by any person to whom the duty is owed.

Provision of information between members of group where no reporting company appointed

- 61
- (1) This paragraph applies where condition A or B is met in relation to a period of account of a worldwide group.
 - (2) Condition A is that—
 - (a) no appointment of a reporting company has effect in relation to the period of account, and
 - (b) as a result of sub-paragraph (4)(a) of paragraph 1, an appointment of a reporting company under that paragraph that has effect in relation to the relevant period of account is no longer possible.
 - (3) Condition B is that—
 - (a) an appointment of a reporting company has effect in relation to the period of account,
 - (b) a full interest restriction return has not been submitted in accordance with this Part for the period, and
 - (c) the filing date in relation to the period has passed (see paragraph 7(5)).
 - (4) A company that was a UK group company at any time during the period of account may, by notice, require any other such company to provide it with information that it needs for the purpose of determining whether, or the extent to which, it is required to leave tax-interest expense amounts out of account, or bring them into account, under this Part of this Act.
 - (5) A notice under sub-paragraph (4) must specify the information to be provided.
 - (6) The duty to comply with a notice under sub-paragraph (4) is enforceable by the company that gives the notice.

PART 7

INFORMATION POWERS EXERCISABLE BY OFFICERS OF REVENUE AND CUSTOMS

Power to obtain information and documents from members of worldwide group

- 62
- (1) An officer of Revenue and Customs may, by notice, require a group member—

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- (a) to provide information, or
- (b) to produce a document,

if the information or document is reasonably required by the officer for the purpose of checking an interest restriction return for, or exercising any of the powers under this Part of this Act in relation to, a period of account of a worldwide group.

- (2) For the purposes of this Part of this Schedule a person is a “group member” if, in the opinion of an officer of Revenue and Customs, the person is or might be a member of the worldwide group at any time in the period of account.
- (3) A group member may (subject to the operation of any provision of Part 4 of Schedule 36 to FA 2008 as applied by paragraph 66(1) of this Schedule) be required to provide information, or produce a document, that relates to one or more other group companies.
- (4) A notice under this paragraph may be given to a person even if the person is not within the charge to corporation tax or income tax.
- (5) A notice under this paragraph may specify or describe the information or documents to be provided or produced.

Power to obtain information and documents from third parties

- 63 (1) An officer of Revenue and Customs may, by notice, require a third party—
- (a) to provide information, or
 - (b) to produce a document,
- if the information or document is reasonably required by the officer for the purpose of checking an interest restriction return for, or exercising any of the powers under this Part of this Act in relation to, a period of account of a worldwide group.
- (2) A person is a “third party” if the person is not a group member at any time in the period of account.
 - (3) A notice may not be given under this paragraph unless—
 - (a) a company which is a UK group company of the group at any time in the period of account agrees to the giving of the notice, or
 - (b) on an application made by an officer of Revenue and Customs, the tribunal approves the giving of the notice.
 - (4) The tribunal may not approve the giving of a notice to a third party unless—
 - (a) the tribunal is satisfied that, in the circumstances, the officer giving the notice is justified in doing so, and
 - (b) either the requirements of sub-paragraph (5) are met or the tribunal is satisfied that it is appropriate to dispense with meeting those requirements because to meet them might prejudice the assessment or collection of tax.
 - (5) The requirements in this sub-paragraph are met if—
 - (a) the third party has been told that the information or documents referred to in the notice are required,
 - (b) the third party has been given a reasonable opportunity to make representations to an officer of Revenue and Customs,
 - (c) the tribunal has been given a summary of any representations made by the third party, and

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- (d) a company which is a UK group company of the group at any time in the period of account has been given a summary of the reasons why the information and documents are required.
- (6) Sub-paragraph (5)(d) does not apply if an officer of Revenue and Customs has insufficient information to identify a company mentioned in that paragraph.
- (7) No notice of the application for the approval of the tribunal needs to be given to the third party by an officer of Revenue and Customs.
- (8) A notice under this paragraph to the third party must give details of the worldwide group unless—
 - (a) the notice is approved by the tribunal, and
 - (b) the tribunal is satisfied that no details should be given because to do so might seriously prejudice the assessment or collection of tax.
- (9) An officer of Revenue and Customs must give a copy of a notice under this paragraph to a company which is a UK group company of the group at any time in the period of account unless—
 - (a) the tribunal has approved the notice and is satisfied that no copy should be given because to do so might prejudice the assessment or collection of tax, or
 - (b) an officer of Revenue and Customs has insufficient information to identify such a company.
- (10) A decision of the tribunal under this paragraph is final (despite the provisions of sections 11 and 13 of the Tribunals, Courts and Enforcement Act 2007).
- (11) A notice under this paragraph—
 - (a) may specify or describe the information or documents to be provided or produced, and
 - (b) if given with the approval of the tribunal, must state that fact.

Notices following submitted interest restriction returns

- 64 (1) The general rule is that, if an interest restriction return for a period of account of a worldwide group has been received by an officer of Revenue and Customs, a notice under paragraph 62 or 63 may not be given in relation to the period of the account of the group.
- (2) But the general rule does not apply if—
 - (a) a notice of enquiry has been given in respect of the return, and
 - (b) the enquiry has not been completed.

Appeals

- 65 (1) A group member may appeal against a notice under paragraph 62.
- (2) A person to whom a notice is given under paragraph 63 in a case where the tribunal has not approved the giving of the notice may appeal against the notice on the ground that it would be unduly onerous to comply with it.
- (3) No appeal may be made under this paragraph in relation to a requirement to provide any information, or produce any documents, that forms part of the statutory records

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of any company which is a UK group company of the group at any time in the period of account.

- (4) “Statutory records” has the same meaning given by paragraph 62 of Schedule 36 to FA 2008.
- (5) In this Part of this Schedule references to an appeal against a notice include an appeal against a requirement of the notice.

Application of provisions of Schedule 36 to FA 2008

- 66 (1) The following provisions of Schedule 36 to FA 2008 (information and inspection powers) apply in relation to notices under paragraph 62 or 63—
- (a) paragraph 7 (complying with notices),
 - (b) paragraph 8 (producing copies of documents),
 - (c) paragraph 15 (power to copy documents),
 - (d) paragraph 16 (power to remove documents),
 - (e) paragraph 18 (documents not in person's possession or power),
 - (f) paragraph 19 (types of information),
 - (g) paragraph 20 (old documents),
 - (h) paragraph 23 (privileged communications),
 - (i) paragraphs 24 to 27 (auditors and tax advisers),
 - (j) every paragraph contained in Part 7 (penalties),
 - (k) every paragraph contained in Part 8 (offence), and
 - (l) paragraph 56 (application of provisions of TMA 1970).
- (2) Paragraph 32 of Schedule 36 to FA 2008 (procedure on appeals) applies in relation to an appeal under this Part of this Schedule against a notice under this Part of this Schedule.

References to checking an interest restriction return etc

- 67 (1) For the purposes of this Part of this Schedule references to checking an interest restriction return include—
- (a) determining whether or not an interest restriction return should be submitted for a period of account of a worldwide group,
 - (b) determining whether or not a worldwide group is, or may be, subject to interest restrictions in a period of account, (and, if so, determining the total disallowed amount of the group),
 - (c) determining the membership of a worldwide group (or determining the members that are UK group companies), and
 - (d) determining any other question that is relevant to the operation of this Part of this Schedule in relation to an interest restriction return or anything required to be included in it.
- (2) For the purposes of this Part of this Schedule references to a worldwide group include one that an officer of Revenue and Customs suspects may exist.

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PART 8

COMPANY TAX RETURNS

Elections under section 375, 377 or 380

- 68 The following elections (or their revocation) must be made by a company in its company tax return (whether as originally made or by amendment) for the accounting period to which the election (or revocation) relates—
- (a) an election under section 375 (a non-consenting company leaving pro-rata share of total disallowed amount out of account),
 - (b) an election under section 377 (a company specifying tax-interest expense amounts to be left out of account), and
 - (c) an election under section 380 (a company specifying tax-interest expense amounts to be brought into account).

Amendments to take account of operation of this Part of this Act (including elections)

- 69 (1) A company may amend its company tax return for an accounting period so as to make (or revoke) an election under section 375 at any time before—
- (a) the filing date in relation to the period of account of the worldwide group to which the interest restriction return in question relates (see paragraph 7(5)), or
 - (b) if later, the end of the period of 3 months beginning with the day on which the interest restriction return in question is received by an officer of Revenue and Customs.
- (2) A company that amends its company tax return for an accounting period as mentioned in sub-paragraph (1) must, before the time limit specified in that sub-paragraph, also amend the return to take account of the election (or revocation).
- (3) If—
- (a) a company is required by section 376 to leave an amount out of account in an accounting period, and
 - (b) the company has already delivered a company tax return for the period,
- the company must amend its company tax return to take account of the requirement.
- (4) The amendment must be made before the end of the period of 3 months beginning with the day after the relevant date (within the meaning of section 376).
- (5) A company may amend its company tax return for an accounting period so as to make (or revoke) an election under section 377 or 380 at any time before—
- (a) the end of the period of 36 months beginning with the day after the end of the accounting period, or
 - (b) if later, the end of the period of 3 months beginning with the day on which a relevant interest restriction return was received by an officer of Revenue and Customs.
- (6) A company that amends its company tax return for an accounting period as mentioned in sub-paragraph (5) must, before the time limit specified in that sub-paragraph, also amend the return to take account of the election (or revocation).

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- (7) In sub-paragraph (5) “a relevant interest restriction return” means an interest restriction return for a period of account in relation to which the accounting period is a relevant accounting period.
- (8) The time limit for amending a company tax return given by paragraph 15(4) of Schedule 18 to FA 1998 is subject to the time limits given by this paragraph.

[^{F30}Other cases where company must amend its return etc]

Textual Amendments

F30 Sch. 7A para. 70 cross-heading substituted (with effect in accordance with Sch. 8 para. 25 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 8 para. 15\(4\)](#)

- 70 (1) If—
- (a) a company has delivered a company tax return for an accounting period, but
 - (b) as a result of the submission of an interest restriction return, information contained in the company tax return is incorrect (for example, there is a change in the amount of profits on which corporation tax is chargeable),
- the company [^{F31}must amend] its company tax return for the accounting period so as to correct the information.
- [The amendment must be made before whichever is the later of—
- ^{F32}(1A) (a) the end of the period of 3 months beginning with the day on which the interest restriction return was submitted, or
- (b) the time limit given by paragraph 15(4) of Schedule 18 to FA 1998.]
- (2) If—
- (a) a notice of determination under paragraph 56 or 58 is given to a company in relation to an accounting period, and
 - (b) the company has already delivered a company tax return for the period,
- the company is treated as having amended its company tax return to take account of the determination.

Textual Amendments

F31 Words in Sch. 7A para. 70(1) substituted (with effect in accordance with Sch. 8 para. 25 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 8 para. 15\(2\)](#)

F32 Sch. 7A para. 70(1A) inserted (with effect in accordance with Sch. 8 para. 25 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 8 para. 15\(3\)](#)

[^{F33}Failure to comply with a requirement to amend company tax return

Textual Amendments

F33 Sch. 7A para. 70A and cross-heading inserted (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), [Sch. 8 para. 16](#) (with [Sch. 8 para. 26](#))

- 70A (1) This paragraph applies if a company—

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- (a) is required, as a result of paragraph 69(2), (3) or (6) or 70(1), to make an amendment of its company tax return for an accounting period, and
 - (b) has failed to make the required amendment by the amendment deadline.
- (2) The company is liable to a penalty of £500.
- (3) At any time before the end of the period of 12 months beginning with the amendment deadline, an officer of Revenue and Customs may, to the best of the officer's information and belief, make the required amendments of the company tax return.
- (4) If an officer of Revenue and Customs amends the company tax return under sub-paragraph (3), the company may amend the return so as to correct the amendments made by the officer.
- (5) An amendment under sub-paragraph (4) must be made before the end of the period of 3 months beginning with the day on which the officer amends the return under sub-paragraph (3) (and the time limit for amending a company tax return given by paragraph 15(4) of Schedule 18 to FA 1998 is subject to this sub-paragraph).
- (6) Paragraph 29(3) to (7) apply in relation to a penalty under this paragraph as they apply in relation to a penalty under paragraph 29 but as if the reference in paragraph 29(4) to the filing date were to the amendment deadline.
- (7) In this paragraph “the amendment deadline” means the end of the period for the making of the amendment given by paragraph 69(2), (4) or (6) or 70(1A).]

Regulations for purposes of [F³⁴ paragraph 70(2)]etc

Textual Amendments

F34 Words in Sch. 7A para. 71 cross-heading substituted (15.3.2018) by [Finance Act 2018 \(c. 3\), Sch. 8 para. 17\(3\)](#)

- 71 (1) The Commissioners may by regulations—
- (a) make provision generally for the purposes of [F³⁵ paragraph 70(2)], and
 - (b) make provision for other cases where a company is to be treated as having amended its company tax return.
- (2) The provision that may be made by the regulations includes provision—
- (a) permitting or requiring the company to deliver an amended company tax return for the accounting period;
 - (b) specifying amendments that may or must be made in the return;
 - (c) specifying a time limit for the delivery of the return that is later than that determined under paragraph 15(4) of Schedule 18 to FA 1998 (amendment of return by company).

Textual Amendments

F35 Words in Sch. 7A para. 71(1)(a) substituted (15.3.2018) by [Finance Act 2018 \(c. 3\), Sch. 8 para. 17\(2\)](#)

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Consequential claims to company tax returns

- 72 (1) This paragraph applies if—
- (a) a company amends, or is treated as amending, its company tax return for an accounting period in consequence of a closure notice given in respect of an interest restriction return under paragraph 47 or a notice of determination given to the company under paragraph ^{F36}... 58, and
 - (b) the amendment has the effect of increasing the amount of corporation tax payable by the company for the accounting period.
- (2) Any qualifying claim may be made or given within the period of one year beginning with the day on which the company receives a copy of the closure notice under paragraph 60(5) or the notice of determination.
- (3) Any qualifying claim previously made which is not irrevocable—
- (a) may be revoked or varied within that one-year period, and
 - (b) if it is revoked or varied, must be done so in the same manner as it was made and by or with the consent of the same person or persons who made or consented to it (or, if a person has died, by or with the consent of the person's personal representatives).
- (4) For the purposes of this paragraph a claim is a “qualifying” claim if its making, revocation or variation has the effect of reducing the liability of the company to corporation tax for the accounting period (whether or not it also reduces the liability to tax of the company for other periods).
- (5) But a claim is not a “qualifying” claim if—
- (a) the making, revocation or variation of the claim would alter the liability to tax of any person other than the company, or
 - (b) the making, revocation or variation of the claim is such that, if it were to be made, revoked or varied, the total of the reductions in liability to tax of the company would exceed the additional liability to corporation tax resulting from the amendment.
- (6) If a qualifying claim is made, revoked or varied as a result of this paragraph, all such adjustments must be made as are required to take account of the effect of taking that action on the liability of the company to tax for any period.
- (7) The adjustments may be made by way of discharge or repayment of tax or the making of amendments, assessments or otherwise.
- (8) The provisions of TMA 1970 relating to appeals against decisions on claims apply with any necessary modifications to a decision on the revocation or variation of a claim as a result of this paragraph.
- (9) In this paragraph (except in sub-paragraph (8)) “claim” includes an election, an application and a notice, and references to making a claim are to be read accordingly.
- (10) In this paragraph “tax” (except in the expression “corporation tax”) includes income tax and capital gains tax.

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Textual Amendments

- F36** Words in [Sch. 7A para. 72\(1\)\(a\)](#) omitted (with effect in accordance with Sch. 3 para. 30-36 of the amending Act) by virtue of [Finance \(No. 2\) Act 2023 \(c. 30\)](#), [Sch. 3 para. 25](#)

Meaning of “company tax return”

- 73 In this Schedule “company tax return” has the meaning given by paragraph 3 of Schedule 18 to FA 1998.

PART 9

SUPPLEMENTARY

Double jeopardy

- 74 A person is not liable to a penalty under any provision of this Schedule in respect of anything in respect of which the person has been convicted of an offence.

Notice of appeal

- 75 Notice of an appeal under this Schedule must specify the grounds of appeal.

Conclusiveness of amounts stated in interest restriction return

- 76 (1) This paragraph applies to an amount stated in an interest restriction return submitted under paragraph 7 or 8 (“the interest restriction return”), other than an amount that is also stated in a company tax return.
- (2) If the amount can no longer be altered, it is taken to be conclusively determined for the purposes of the Corporation Tax Acts.
- (3) An amount is regarded as one that can no longer be altered if—
- (a) the interest restriction return has not been superseded by a subsequent interest restriction return;
 - (b) the applicable time limit has passed;
 - (c) any enquiry into the interest restriction return has been completed;
 - (d) if the closure notice in relation to an enquiry into the interest restriction return contained a statement under paragraph 49(2)(b), the period within which an appeal against the statement may be brought has ended; and
 - (e) if such an appeal is brought, the appeal has been finally determined.
- (4) For the purposes of sub-paragraph (3) the “applicable time limit” means the time limit in paragraph 8(3) or, in a case where paragraph 57(2) or (4) applies and imposes a later time limit for submission of the interest restriction return, that later time limit.
- (5) Nothing in this paragraph affects—
- (a) the power under paragraph 42 (extended time limits for opening enquiries: discovery of errors), or
 - (b) any power to make a determination under paragraph 56 or 58 (determinations by officers of Revenue and Customs).]

Changes to legislation:

There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, SCHEDULE 7A.