
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2013, Cross Heading: Corporation tax: carry forward of relief. (See end of Document for details)

SCHEDULES

SCHEDULE 27

COMMUNITY INVESTMENT TAX RELIEF

Corporation tax: carry forward of relief

7 Part 7 of CTA 2010 (community investment tax relief) is amended as follows.

8 (1) Section 220 (form and amount of CITR) is amended as follows.

(2) For subsection (3) substitute—

“(3) The amount of that reduction for the relevant accounting period is 5% of the invested amount in respect of the investment for the period.”

(3) In subsection (4) for “this purpose” substitute “ the purposes of this section and section 220A ”.

9 After section 220 insert—

“220A Carry forward of CITR

(1) This section applies if—

- (a) the investor is entitled to a reduction in its liability for corporation tax for a relevant accounting period under section 220 in respect of the investment, but
- (b) the amount of the reduction is not fully deducted at Step 2 for that relevant accounting period.

(2) The amount (“the excess amount”) not deducted is treated as follows.

(3) For each subsequent relevant accounting period for which the investor—

- (a) is entitled to a reduction in its liability for corporation tax under section 220 in respect of the investment, and
- (b) makes a claim under this subsection,

the investor is also entitled to a reduction in its liability for corporation tax under this subsection.

(4) The amount of the reduction under subsection (3) for any relevant accounting period is the excess amount so far as it has not been deducted at Step 2 for any earlier relevant accounting period by virtue of that subsection.

(5) In this section “Step 2” means the second step in paragraph 8(1) of Schedule 18 to FA 1998 (calculation of tax payable).”

10 In section 240 (attribution of CITR) after subsection (4) insert—

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“(4A) In the case of CITR under section 220A, in subsection (4)(a) the reference to the period is to be read as a reference to the period mentioned in section 220A(1)(a).”

11 (1) Section 244 (disposal of securities or shares during 5 year period) is amended as follows.

(2) For subsection (3) substitute—

“(3) Subsections (3A) to (3H) apply if—

- (a) the disposal is a qualifying disposal, and
- (b) the investor has made a claim under section 220 in respect of the former investment for an accounting period (“period X”).

(3A) Subsection (3B) applies if the total of the following CITR does not exceed A—

- (a) any CITR attributable to the former investment in respect of period X given under section 220, and
- (b) any CITR attributable to the former investment in respect of later accounting periods given under section 220A where period X is the accounting period mentioned in section 220A(1)(a).

(3B) All CITR falling within subsection (3A)(a) or (b) must be withdrawn.

(3C) If the total of the CITR falling within subsection (3A)(a) or (b) exceeds A, that total must be reduced by A.

(3D) For the purposes of subsection (3C) CITR given in a later accounting period must be reduced before CITR given in an earlier accounting period.

(3E) For the purposes of subsections (3A) and (3C) “A” is an amount equal to 5% of the amount or value of the consideration (if any) which the investor receives for the former investment.

(3F) If—

- (a) the total of the CITR falling within subsection (3A)(a) or (b) (“B”) is less than
- (b) the amount (“C”) which is equal to 5% of the invested amount in respect of the former investment for period X,

“A” is to be reduced by multiplying it by the fraction—

$$\frac{B}{C}$$

(3G) If the amount of CITR attributable to the former investment in respect of an accounting period has been reduced before the CITR is obtained, the amount referred to in subsection (3F) as B is to be treated for the purposes of that subsection as the amount it would have been without the reduction.

(3H) Subsection (3G) does not apply to a reduction by virtue of section 241 (attribution: bonus shares).”

(3) Omit subsections (5) to (7).

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- 12 The amendments made by paragraphs 7 to 11 above have effect in relation to investments made in accounting periods beginning on or after 1 April 2013.

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