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## SCHEDULES

### SCHEDULE 2

Section 3

#### OTHER AMENDMENTS

#### PART 1

##### FURTHER AMENDMENTS CONNECTED WITH NORTHERN IRELAND RATE

###### *Realisation of intangible fixed assets*

1 After section 738 of CTA 2009 insert—

###### **“738A Realisation of assets previously subject to Northern Ireland rate**

- (1) This section applies if—
- (a) a company is required by section 735, 736 or 738 to bring into account for tax purposes a credit or debit on the realisation of an intangible fixed asset in an accounting period (“the relevant period”),
  - (b) the company is not a Northern Ireland company as defined by section 357KA of CTA 2010 in the relevant period,
  - (c) the asset is not a pre-commencement asset for the purposes of Chapter 8 of Part 8B of CTA 2010 (trading profits taxable at the Northern Ireland rate: intangible fixed assets),
  - (d) the credit or debit is treated for the purposes of that Chapter as including a Northern Ireland element, and
  - (e) at any time during the relevant period, the Northern Ireland rate is lower than the main rate.
- (2) The amount of the credit or debit to be brought into account for tax purposes under section 735, 736 or 738 is reduced by an amount determined under this section (“the appropriate reduction”).
- (3) If the relevant period falls within only one financial year, the appropriate reduction is—

$$E \times \frac{MR - NIR}{MR}$$

where—

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E is the Northern Ireland element of the credit or debit (see subsection (5));

MR is the main rate for the financial year;

NIR is the Northern Ireland rate for the financial year.

- (4) If the relevant period falls within more than one financial year, take the following steps to find the appropriate reduction—

*Step 1* Apportion the Northern Ireland element of the credit or debit (see subsection (5)) between the financial years on a time basis according to the respective lengths of the parts of the relevant period falling within those years.

*Step 2* Where an amount is apportioned under step 1 to a financial year in which the Northern Ireland rate is lower than the main rate, multiply that amount by the following fraction—

$$\frac{MR - NIR}{MR}$$

where—

MR is the main rate for the financial year;

NIR is the Northern Ireland rate for the financial year.

*Step 3* To find the appropriate reduction, add together each amount determined under step 2.

- (5) In subsections (3) and (4), the “Northern Ireland element” of the credit or debit is an amount determined in accordance with sections 357OE to 357OG of CTA 2010.”

*Controlled foreign companies*

- 2 (1) Section 371BC of TIOPA 2010 (charging the CFC charge) is amended as follows.
- (2) In subsection (3), in the definition of “the appropriate rate”, after “subject to” insert “ subsection (4) and ”.
- (3) After subsection (3) insert—
  - “(4) In determining “the appropriate rate”, it must be assumed that all of CC’s profits of the relevant corporation tax accounting period on which corporation tax is chargeable are chargeable at the main rate rather than the Northern Ireland rate.”

F13 .....

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### Textual Amendments

- F1** Sch. 2 para. 3 omitted (with effect in accordance with s. 36(3)-(5) of the amending Act) by virtue of Finance (No. 2) Act 2015 (c. 33), s. 36(2)(d)

## PART 2

### CONSEQUENTIAL AMENDMENTS

- 4 CTA 2010 is amended as follows.
- 5 In section 1(3) (overview), before paragraph (b) insert—
- “(ac) trading profits taxable at Northern Ireland rate (see Part 8B).”
- 6 In Schedule 4 (index of defined expressions), insert at the appropriate places—
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| “the accounting period (in Chapter 6 of Part 8B)  | section 357M(2)”                            |
| “the accounting period (in Chapter 7 of Part 8B)  | section 357N(2)”                            |
| “back-office activities (in Part 8B)              | section 357XI”                              |
| “the commencement day (in Chapter 8 of Part 8B)   | section 357OP”                              |
| “the company (in Chapter 6 of Part 8B)            | section 357M(2)”                            |
| “the company (in Chapter 7 of Part 8B)            | section 357N(2)”                            |
| “excluded activity (in Part 8B)                   | Chapter 17 of Part 8B”                      |
| “excluded trade (in Part 8B)                      | Chapter 17 of Part 8B”                      |
| “exclusive licence (in Chapter 15 of Part 8B)     | section 357VE”                              |
| “firm (in Chapter 16 of Part 8B)                  | section 357W(3)”                            |
| “intangible fixed asset (in Chapter 8 of Part 8B) | section 357O(2)”                            |
| “investment manager (in Chapter 5 of Part 8B)     | section 1150(1) (applied by section 357LH)” |
| “investment transaction (in Chapter 5 of Part 8B) | section 1150(1) (applied by section 357LH)” |

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“large company condition (in Part 8B)	section 357KA”
“mainstream losses (in Part 8B)	sections 357MA and 357NA”
“mainstream profits (in Part 8B)	sections 357MA and 357NA”
“mainstream qualifying land remediation loss (in Chapter 10 of Part 8B)	section 357QB(3)”
“NIRE (in Part 8B)	Chapter 5 of Part 8B”
“Northern Ireland company (in Part 8B)	section 357KA”
“Northern Ireland element (in Chapter 8 of Part 8B)	section 357OP”
“Northern Ireland employer (in Part 8B)	section 357KD”
“Northern Ireland expenditure (in Chapters 9 to 14 of Part 8B)	sections 357P(2), 357Q(2), 357R(2), 357S(2), 357T(2) and 357U(2)”
“Northern Ireland firm (in Part 8B)	section 357WA”
“Northern Ireland intangibles credits (in Chapter 8 of Part 8B)	section 357OP”
“Northern Ireland intangibles debits (in Chapter 8 of Part 8B)	section 357OP”
“Northern Ireland losses (in Part 8B)	sections 357MA and 357NA”
“Northern Ireland profits (in Part 8B)	sections 357MA and 357NA”
“Northern Ireland qualifying expenditure (in Chapter 9 of Part 8B)	Chapter 2 section 357P(2)”
“Northern Ireland qualifying expenditure (in Chapter 9 of Part 8B)	Chapter 7 section 357P(2)”
“Northern Ireland qualifying land remediation expenditure (in Chapter 10 of Part 8B)	section 357Q(2)”

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“Northern Ireland qualifying land remediation section 357QB(3)”  
loss (in Chapter 10 of Part 8B)

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“Northern Ireland rate section 357I”

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“pre-commencement asset (in Chapter 8 of Part section 357OP”  
8B)

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“qualifying Chapter 2 expenditure (in Chapter section 357P(2)”  
9 of Part 8B)

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“qualifying Chapter 7 expenditure (in Chapter section 357P(2)”  
9 of Part 8B)

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“qualifying expenditure (in Chapter 11 of Part section 357R(2)”  
8B)

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“qualifying expenditure (in Chapter 12 of Part section 357S(2)”  
8B)

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“qualifying expenditure (in Chapter 13 of Part section 357T(2)”  
8B)

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“qualifying expenditure (in Chapter 14 of Part section 357U(2)”  
8B)

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“qualifying IP right (in Chapter 15 of Part 8B) section 357VE”

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“qualifying land remediation expenditure (in section 357Q(2)”  
Chapter 10 of Part 8B)

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“qualifying partnership trade (in Part 8B) section 357WB”

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“qualifying trade (in Part 8B) section 357KB”

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“realisation credit (in Chapter 8 of Part 8B) section 357OP”

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“realisation debit (in Chapter 8 of Part 8B) section 357OP”

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“relevant IP profits (in Chapter 15 of Part 8B) section 357VE”

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“relevant period (in Chapter 15 of Part 8B) section 357VE”

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“roll-over relief (in Chapter 8 of Part 8B)	section 357OP”
“the separate film trade (in Chapter 11 of Part 8B)	section 357R(2)”
“the separate programme trade (in Chapter 12 of Part 8B)	section 357S(2)”
“the separate theatrical trade (in Chapter 14 of Part 8B)	section 357U(2)”
“the separate video game trade (in Chapter 13 of Part 8B)	section 357T(2)”
“SME (in Part 8B)	section 357KC”
“SME condition (in Part 8B)	section 357KA”
“trade (in Part 8B)	section 357NK”
“the trade (in Chapter 6 of Part 8B)	section 357M(2)”
“the trade (in Chapter 7 of Part 8B)	section 357N(2)”

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