S C H E D U L E S

SCHEDULE 2

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—

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."

F1 3 . . . .

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)**