
EXPLANATORY NOTE

(This note is not part of the Order)

This Order exercises the powers conferred by the Corporation Tax Act 2010 (c. 4) (“CTA 2010”) and the Taxation (International and Other Provisions) Act 2010 (c. 8) (“TIOPA 2010”) to make consequential amendments and undo unintended changes resulting from the work of the Tax Law Re-write project.

Articles 2 to 8 make consequential amendments to update references to provisions which were rewritten in CTA 2010 or TIOPA 2010. The Acts affected are the Inheritance Tax Act 1984 (c. 51) and the Finance Act 1990 (c. 29) (article 2), the Local Government Finance Act 1988 (c. 41) (article 3), the Taxation of Chargeable Gains Act 1992 (c. 12) (articles 5 and 6), the Finance Act 1994 (c. 9) (article 7), and the Income Tax (Trading and Other Income) Act 2005 (c. 5) (article 8).

Article 10 aligns the wording used to refer to available total profits in sections 144 of CTA 2010 with that used in section 140 of that Act and in section 149(3) (as substituted by article 12 of this Order).

Article 11 amends section 148 of CTA 2010 and article 12 amends section 149 of CTA 2010 to undo unintended changes to the operation of group relief from corporation tax. The changes concern limitations on what is known as consortium relief. Article 11 amends section 148 to restore the intended interaction between two restrictions on the amount eligible for surrender by a company in certain circumstances, one imposed by section 148 and the other by section 143 of CTA 2010 (known as the ownership restriction). The result is that the restriction in section 148 is applied before the restriction in section 143.

Article 12 amends section 149 to undo an unintended change to the operation of two limitations on the available total profits of a company against which relief can be claimed so that the limit imposed by section 149 is applied to reduce the available total profits before that amount is further reduced by section 144 of CTA 2010.

A Tax Information and Impact Note has not been prepared for this Instrument as it contains no substantive changes to tax policy.