



Corporation Tax Act 2010

2010 CHAPTER 4

[^{F1}PART 7ZA

RESTRICTIONS ON OBTAINING CERTAIN DEDUCTIONS

Textual Amendments

- F1** Pt. 7ZA inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 16](#)

Modifications etc. (not altering text)

- C1** Pt. 7ZA modified (retrospective to 29.10.2018) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 para. 46](#)
- C2** Pt. 7ZA modified by 1992 c. 12, Sch. 7A para. 6(1C) (as inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 18\(4\)](#), 42 (with [Sch. 4 paras. 43-46](#)))
- C3** Pt. 7ZA applied (with modifications) (with effect in accordance with Sch. 4 para. 43(1) of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 para. 44\(4\)](#)
- C4** Pt. 7ZA applied (with modifications) (with application in accordance with Sch. 4 para. 45(1)(2) of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 para. 45\(4\)](#)
- C5** [Pt. 7ZA](#) disapplied (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 2 para. 21](#)

Introduction

269ZA Overview of Part

This Part contains provision restricting the amount of certain deductions which a company may make in calculating its taxable total profits for an accounting period.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

Restrictions on obtaining certain deductions

269ZB Restriction on deductions from trading profits

- (1) This section has effect for determining the taxable total profits of a company for an accounting period.
- (2) The sum of any deductions made by the company for the accounting period which fall within subsection (3) may not exceed the relevant maximum.

But this is subject to subsection (10).

- (3) The following deductions fall within this subsection—
 - (a) any deductions under section 45(4)(b) or 45B;
 - (b) any deduction under section 303B(4) or 303D(5), so far as it is a restricted deduction.
- (4) For the purposes of this section a deduction under section 303B(4) or 303D(5) is a “restricted deduction” so far as it would not be available but for section 304(5) (reduction of income derived from related activities).
- (5) In this section the “relevant maximum” means the sum of—
 - (a) 50% of the company's relevant trading profits for the accounting period, and
 - (b) the company's trading profits deductions allowance for the accounting period.
- (6) Section 269ZF contains provision for determining a company's relevant trading profits for an accounting period.
- (7) A company's “trading profits deductions allowance” for an accounting period—
 - (a) is so much of the company's deductions allowance for the period as is specified in the company's tax return as its trading profits deductions allowance for the period, and
 - (b) accordingly, is nil if no amount of the company's deductions allowance for the period is so specified.
- (8) An amount specified under subsection (7)(a) as a company's trading profits deductions allowance for an accounting period may not exceed the difference between—
 - (a) the amount of the company's deductions allowance for the period, and
 - [^{F2}(b) the total of—
 - (i) the amount of the company's total non-trading profits deductions allowance for the period (see section 269ZC(3A)), and
 - (ii) in the case of an insurance company, any amount specified for the period under section 269ZFC(5)(a) (BLAGAB deductions allowance).]

^{F3}(9)

- (10) Subsection (2) does not apply in relation to a company for an accounting period where, in determining the company's relevant trading profits, the amount given by step 1 in section 269ZF(3) is not greater than nil.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

Textual Amendments

- F2** S. 269ZB(8)(b) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 25\(2\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F3** S. 269ZB(9) omitted (with effect in relation to accounting periods beginning on or after 1.4.2020) by virtue of [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 25\(3\)](#), 42 (with [Sch. 4 paras. 43-46](#))

Modifications etc. (not altering text)

- C6** S. 269ZB modified by 2009 c. 4, s. 1209(3) (as inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), Sch. 4 para. 28(3))
- C7** S. 269ZB modified by 2009 c. 4, s. 1210(5A) (as inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), Sch. 4 para. 29(6))
- C8** S. 269ZB modified by 2009 c. 4, s. 1211(7A) (as inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), Sch. 4 para. 30(5))
- C9** S. 269ZB modified by 2009 c. 4, s. 1216DA(3) (as inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), Sch. 4 para. 32(3))
- C10** S. 269ZB modified by 2009 c. 4, s. 1216DB(5A) (as inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), Sch. 4 para. 33(6))
- C11** S. 269ZB modified by 2009 c. 4, s. 1216DC(7A) (as inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), Sch. 4 para. 34(5))
- C12** S. 269ZB modified by 2009 c. 4, s. 1217DA(3) (as inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), Sch. 4 para. 36(3))
- C13** S. 269ZB modified by 2009 c. 4, s. 1217DB(5A) (as inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), Sch. 4 para. 37(6))
- C14** S. 269ZB modified by 2009 c. 4, s. 1217DC(7A) (as inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), Sch. 4 para. 38(5))
- C15** S. 269ZB modified by 2009 c. 4, s. 1217MA(3) (as inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), Sch. 4 para. 40(4))
- C16** S. 269ZB modified by 2009 c. 4, s. 1217MC(9) (as inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), Sch. 4 para. 42(5))
- C17** S. 269ZB modified by 2009 c. 4, s. 1217SA(3) (as inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), Sch. 4 para. 44(4))
- C18** S. 269ZB modified by 2009 c. 4, s. 1217SC(9) (as inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), Sch. 4 para. 46(5))
- C19** S. 269ZB modified by 2009 c. 4, s. 1218ZDA(3) (as inserted (for specified purposes and with effect in accordance with Sch. 6 paras. 20, 21(1)(a) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), Sch. 6 para. 1 (with Sch. 6 para. 21(3)))

Restriction on deductions from chargeable gains

F4 **269ZBA**

- (1) This section has effect for determining the taxable total profits of a company for an accounting period.
- (2) The sum of any deductions made by the company for the accounting period under section 2A(1)(b) of TCGA 1992 (allowable losses accruing in earlier accounting periods) may not exceed the relevant maximum.

But this is subject to subsection (7).

- (3) In this section the “relevant maximum” means the sum of—
- (a) 50% of the company’s relevant chargeable gains for the accounting period, and

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- (b) the amount of the company’s chargeable gains deductions allowance for the accounting period.
- (4) Section 269ZF contains provision for determining a company’s relevant chargeable gains for an accounting period.
- (5) A company’s “chargeable gains deductions allowance” for an accounting period—
 - (a) is so much of the company’s deductions allowance for the period as is specified in the company’s tax return as its chargeable gains deductions allowance for the period, and
 - (b) accordingly, is nil if no amount of the company’s deductions allowance for the period is so specified.
- (6) An amount specified under subsection (5)(a) as a company’s chargeable gains deductions allowance for an accounting period may not exceed the difference between—
 - (a) the amount of the company’s deductions allowance for the period, and
 - (b) the total of any amounts specified for the period under—
 - (i) section 269ZB(7)(a) (trading profits deductions allowance),
 - (ii) section 269ZC(5)(a) (non-trading income profits deductions allowance), and
 - (iii) in the case of an insurance company, section 269ZFC(5)(a) (BLAGAB deductions allowance).
- (7) Subsection (2) does not apply in relation to a company for an accounting period where, in determining the company’s qualifying chargeable gains for the period, the amount given by step 1 in section 269ZF(3) is not greater than nil.]

Textual Amendments

- F4** S. 269ZBA inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by Finance Act 2020 (c. 14), Sch. 4 paras. 2, 42 (with Sch. 4 paras. 43-46)

269ZC Restriction on deductions from non-trading profits

- (1) This section has effect for determining the taxable total profits of a company for an accounting period.
- (2) The sum of any deductions made by the company for the accounting period under section 457(3) and 463H(5) of CTA 2009 (carry forward of non-trading deficits from loan relationships against subsequent non-trading profits) may not exceed [^{F5}the difference between—
 - (a) the relevant maximum, and
 - (b) the amount of any deductions made by the company for the accounting period under section 2A(1)(b) of TCGA 1992 (allowable losses accruing in earlier accounting periods).]

But this is subject to subsection (8).

[^{F6}(3) In this section the “relevant maximum” means the sum of—

- (a) 50% of the company’s total relevant non-trading profits for the accounting period, and

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- (b) the amount of the company's total non-trading profits deductions allowance for the accounting period.
- (3A) A company's "total non-trading profits deductions allowance" for the accounting period is the sum of—
 - (a) the company's non-trading income profits deductions allowance (see subsection (5)), and
 - (b) the company's chargeable gains deductions allowance (see section 269ZBA(5)).]
- (4) Section 269ZF contains provisions for determining a company's [^{F7}total relevant non-trading profits] for an accounting period.
- (5) A company's [^{F8}"non-trading income profits deductions allowance"] for an accounting period—
 - (a) is so much of the company's deductions allowance for the period as is specified in the company's tax return as its [^{F8}non-trading income profits deductions allowance] for the period, and
 - (b) accordingly, is nil if no amount of the company's deductions allowance for the period is so specified.
- (6) An amount specified under subsection (5)(a) as a company's [^{F9}non-trading income profits deductions allowance] for an accounting period may not exceed the difference between—
 - (a) the amount of the company's deductions allowance for the period, and
 - [^{F10}(b) the total of any amounts specified for the period under—
 - (i) section 269ZB(7)(a) (trading profits deductions allowance),
 - (ii) section 269ZBA(5)(a) (chargeable gains deductions allowance), and
 - (iii) in the case of an insurance company, section 269ZFC(5)(a) (BLAGAB deductions allowance).]
- ^{F11}(7)
- (8) Subsection (2) does not apply in relation to a company for an accounting period where, in determining the company's [^{F12}qualifying non-trading income profits and qualifying chargeable gains] for the period, the amount given by step 1 in section 269ZF(3) is not greater than nil.

Textual Amendments

- F5** Words in s. 269ZC(2) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 3\(2\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F6** S. 269ZC(3)(3A) substituted for s. 269ZC(3) (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 3\(3\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F7** Words in s. 269ZC(4) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 3\(4\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F8** Words in s. 269ZC(5) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 3\(5\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F9** Words in s. 269ZC(6) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 3\(6\)\(a\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F10** S. 269ZC(6)(b) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 3\(6\)\(b\)](#), 42 (with [Sch. 4 paras. 43-46](#))

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- F11** S. 269ZC(7) omitted (with effect in relation to accounting periods beginning on or after 1.4.2020) by virtue of Finance Act 2020 (c. 14), Sch. 4 paras. 26, 42 (with Sch. 4 paras. 43-46)
- F12** Words in s. 269ZC(8) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by Finance Act 2020 (c. 14), Sch. 4 paras. 3(7), 42 (with Sch. 4 paras. 43-46)

269ZD Restriction on deductions from total profits

- (1) This section has effect for determining the taxable total profits of a company for an accounting period.
- (2) The sum of any relevant deductions made by the company for the accounting period may not exceed the difference between—
- (a) the relevant maximum, and
 - (b) the sum of—
 - (i) any deductions falling within section 269ZB(3) (carry forward of trade loss against subsequent trade profits) made by the company for the accounting period,
 - [any deductions made by the company for the accounting period under
 - ^{F13}(ia) section 2A(1)(b) of TCGA 1992 (allowable losses accruing in earlier accounting periods),]^{F14} ...
 - (ii) any deductions made by the company for the accounting period under sections 457(3) and 463H(5) of CTA 2009 (carry forward of non-trading deficits from loan relationships against subsequent non-trading profits),^{F15} ... [^{F16}and
 - (ia) any deductions of non-BLAGAB allowable losses from the shareholders' share of BLAGAB chargeable gains made for the accounting period under section 2A(1)(b) of TCGA 1992, as permitted by section 210A(2A)(b) of that Act.]
 - ^{F15}(iii)

But this is subject to subsection (7)^{F17}

- (3) The following deductions made for an accounting period are “relevant deductions” for the purposes of this section—
- (a) a deduction under section 463G of CTA 2009 (carry forward of non-trading deficit against total profits);
 - (b) a deduction under section 753 of CTA 2009 (non-trading losses on intangible fixed assets) in respect of a loss treated by subsection (3) of that section (carry forward of losses) as if it were a loss of the accounting period;
 - (c) a deduction under section 1219 of CTA 2009 (expenses of management of a company's investment business) in respect of an amount treated by section 1223(3) of that Act (carrying forward of expenses of management and other amounts) as expenses of management deductible for the accounting period;
 - (d) a deduction under section 1219 of CTA 2009 (expenses of management of a company's investment business) in respect of a loss treated by section 63(3) (carrying forward of certain losses made by company with investment business which ceases to carry on UK property business) as an expense of management deductible for the accounting period;

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- (e) a deduction under section 37 (relief for trade losses against total profits) made in reliance on section 1210(3), 1216DB(3), 1217DB(3), 1217MB(2), 1217SB(2) or 1218ZDB(2) of CTA 2009;
 - (f) a deduction under section 45A (carry forward of trade loss against total profits);
 - (g) a deduction under section 62(3) (relief for losses made in UK property business) in respect of a loss treated by subsection (5)(b) of that section (carry forward of losses) as a loss made by the company in the accounting period;
 - (h) a deduction under section 303C (excess carried forward non-decommissioning losses of ring fence trade: relief against total profits);
 - (i) a deduction under Part 5 (group relief) made in respect of a loss surrendered under that Part in reliance on section 1210(3), 1216DB(3), 1217DB(3), 1217MB(2), 1217SB(2) or 1218ZDB(2) of CTA 2009;
 - (j) a deduction under Part 5A (group relief for carried-forward losses);
 - (k) a deduction under section 124B of FA 2012 (deduction from total profits of excess carried-forward BLAGAB trade losses),
- (but see section 269ZJ (insurance companies: shock losses)).

- (4) In this section the “relevant maximum” means the sum of—
- (a) 50% of the company's relevant profits for the accounting period [^{F18}(see section 269ZFA)], and
 - (b) the amount of the company's deductions allowance for the accounting period.

^{F19}(5)

^{F20}(6)

[^{F21}(7) Subsection (2) does not apply in relation to a company for an accounting period where the amount given by paragraph (1) of step 1 in section 269ZF(3) is not greater than nil.]

Textual Amendments

- F13** S. 269ZD(2)(b)(ia) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 para. 4](#), 42 (with [Sch. 4 paras. 43-46](#))
- F14** Word in s. 269ZD(2)(b) omitted (with effect in relation to accounting periods beginning on or after 1.4.2020) by virtue of [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 14\(2\)\(a\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F15** S. 269ZD(2)(b)(iii) and word omitted (with effect in accordance with Sch. 10 para. 32 of the amending Act) by virtue of [Finance Act 2019 \(c. 1\)](#), [Sch. 10 para. 6\(2\)\(a\)\(ii\)](#)
- F16** S. 269ZD(2)(b)(iia) and word inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 14\(2\)\(b\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F17** Words in s. 269ZD(2) omitted (with effect in accordance with Sch. 10 para. 32 of the amending Act) by virtue of [Finance Act 2019 \(c. 1\)](#), [Sch. 10 para. 6\(2\)\(b\)](#)
- F18** Words in s. 269ZD(4)(a) inserted (with effect in accordance with Sch. 10 para. 32 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 10 para. 6\(3\)](#)
- F19** S. 269ZD(5) omitted (with effect in accordance with Sch. 10 para. 32 of the amending Act) by virtue of [Finance Act 2019 \(c. 1\)](#), [Sch. 10 para. 6\(4\)](#)
- F20** S. 269ZD(6) omitted (with effect in relation to accounting periods beginning on or after 1.4.2020) by virtue of [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 27](#), 42 (with [Sch. 4 paras. 43-46](#))
- F21** S. 269ZD(7) substituted (with effect in accordance with Sch. 10 para. 32 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 10 para. 6\(5\)](#)

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

References to a company’s “deductions allowance”

F22 269ZDA

- (1) This section applies for the purposes of sections 269ZB to 269ZD and 269ZFC.
- (2) A company’s “deductions allowance” for an accounting period is to be determined in accordance with section 269ZR where, at any time in that period—
 - (a) the company is a member of a group (see section 269ZZB), and
 - (b) one or more other companies within the charge to corporation tax are members of that group.
- (3) Otherwise, a company’s “deductions allowance” for an accounting period is to be determined in accordance with section 269ZW.
- (4) But subsections (2) and (3) are subject to section 269ZYA (deductions allowance for company without a source of chargeable income).]

Textual Amendments

F22 S. 269ZDA inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 28, 42](#) (with [Sch. 4 paras. 43-46](#))

F23 269ZE Restriction on deductions from total profits: insurance companies

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Textual Amendments

F23 S. 269ZE omitted (with effect in accordance with Sch. 10 para. 32 of the amending Act) by virtue of [Finance Act 2019 \(c. 1\)](#), [Sch. 10 para. 7](#)

Relevant profits

269ZF “Relevant trading profits”^{F24}, “total relevant non-trading profits” etc]

- (1) A company's “relevant trading profits” for an accounting period are—
 - (a) the company's qualifying trading profits for the accounting period (see subsection (3)), less
 - (b) the company's trading profits deductions allowance for the accounting period (see section 269ZB(7)).

But if the allowance mentioned in paragraph (b) exceeds the profits mentioned in paragraph (a), the company's “relevant trading profits” for the accounting period are nil.

- (2) A company's [^{F25}“relevant non-trading income profits”] for an accounting period are—
 - (a) the company's [^{F26}qualifying non-trading income profits] for the accounting period (see subsection (3)), less
 - (b) the company's [^{F27}non-trading income profits deductions allowance] for the accounting period (see section 269ZC(5)).

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

But if the allowance mentioned in paragraph (b) exceeds the profits mentioned in paragraph (a), the company's [^{F25}“relevant non-trading income profits”] for the accounting period are nil.

- [A company's “relevant chargeable gains” for an accounting period are—
- ^{F28}(2A) (a) the company's qualifying chargeable gains for the accounting period (see subsection (3)), less
- (b) the company's chargeable gains deductions allowance for the accounting period (see section 269ZBA(5)).

But if the allowance mentioned in paragraph (b) exceeds the qualifying chargeable gains mentioned in paragraph (a), the company's “relevant chargeable gains” for the accounting period are nil.

- (2B) A company's “total relevant non-trading profits” for an accounting period are—
- (a) the sum of—
- (i) the company's qualifying non-trading income profits for the period, and
- (ii) the company's qualifying chargeable gains for the period, less
- (b) the company's total non-trading profits deductions allowance for the period (see section 269ZC(3A)).]

- (3) To determine a company's qualifying trading profits^{F29}, qualifying non-trading income profits and qualifying chargeable gains] for an accounting period—

Step 1 - modified total profits

- (1) Calculate the company's total profits for the accounting period.
- (2) For the purposes of this subsection assume that the company's total profits for the accounting period are to be calculated with the modifications set out in subsection (4).
- (3) If the company's total profits for the accounting period (as modified under paragraph (2)) are not greater than nil, the company's qualifying trading profits^{F30}, qualifying non-trading income profits and qualifying chargeable gains] for the accounting period are [^{F31}each] nil.
- (4) Otherwise, proceed with steps 2 to 5.

Step 2 - negative amount for apportioning under step 4

- (1) Calculate the sum (“the step 2 amount”) of any amounts which (on the assumption set out in paragraph (2) of step 1), could be relieved against the company's total profits of the accounting period.
- (2) But in calculating that [^{F32}sum—]
- (a) ignore the amount of any excluded deductions for the accounting period (see subsection (5)) [^{F33}, and
- (b) ignore any amount (or any part of any amount) which could be relieved against the company's total profits of the accounting period on the making of a claim in respect of the amount (or part) if a claim is not in fact made in respect of it.].
- (3) If the company's total profits for the accounting period (as modified under step 1(2)) do not exceed the amount given by this step, the qualifying trading profits^{F34}, qualifying non-trading income profits and qualifying chargeable gains] are [^{F35}each] nil.
- (4) Otherwise, proceed with steps 3 to 5.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

[^{F36}Step 3 - trading profits, non-trading income profits and chargeable gains

Divide the company's total profits for the accounting period (as modified under step 1(2)) into—

- (a) profits of a trade of the company (the company's "trading profits"),
- (b) profits, other than chargeable gains, that are not profits of a trade of the company (the company's "non-trading income profits"), and
- (c) chargeable gains included in the total profits (the company's "chargeable gains").

Step 4 - apportionment of the step 2 amount

- (1) Allocate the whole of the step 2 amount to one of, or between two or all of, the following—
 - (a) the company's trading profits,
 - (b) the company's non-trading income profits, and
 - (c) the company's chargeable gains.
- (2) Reduce, but not below nil, each of the company's trading profits, non-trading income profits and chargeable gains by the amount (if any) allocated to it under paragraph (1).

Step 5 - amount of qualifying trading profits, qualifying non-trading income profits and qualifying chargeable gains

The amounts resulting from step 3, after any reduction under step 4, are—

- (a) in the case of the amount in step 3(a), the company's qualifying trading profits,
- (b) in the case of the amount in step 3(b), the company's qualifying nontrading income profits, and
- (c) in the case of the amount in step 3(c), the company's qualifying chargeable gains.]

- (4) For the purposes of subsection (3) the company's total profits for an accounting period are to be calculated with the following modifications—
 - (a) ignore any income so far as it falls within, and is dealt with under, Part 9A of CTA 2009 (company distributions);
 - (b) ignore any ring fence profits (as defined in section 276);
 - (c) ignore any contractor's ring fence profits (as defined in section 356LD);
 - (d) if the company is an insurance company, ignore any I-E profit (see section 141(2) of FA 2012);
 - (e) make no deductions under sections 45(4)(b) and 45B (carry forward of trade loss against subsequent trade profits) other than deductions that would be ignored for the purposes of section 269ZB by reason of—
 - (i) section 1209(3), 1210(5A) or 1211(7A) of CTA 2009 (losses of film trade),
 - (ii) section 1216DA(3), 1216DB(5A) or 1216DC(7A) of that Act (losses of television programme trade),
 - (iii) section 1217DA(3), 1217DB(5A) or 1217DC(7A) of that Act (losses of video game trade),
 - (iv) section 1217MA(3) or 1217MC(9) of that Act (losses of theatrical trade),
 - (v) section 1217SA(3) or 1217SC(9) of that Act (losses of orchestral trade),

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (vi) section 1218ZDA(3) or 1218ZDC(9) of that Act (losses of museum or gallery exhibition trade),
 - (vii) section 65(4B) or 67A(5A) (losses of UK or EEA furnished holiday lettings business),
 - (viii) section 269ZJ(1) (insurance companies: shock losses),
 - (ix) section 304(7) (certain losses of ring fence trades), or
 - (x) section 356NJ(2) (pre-1 April 2017 loss arising from oil contractor activities);
- (f) make no restricted deductions (as defined in section 269ZB(4)) under section 303B(4) or 303D(5);^{F37} ...
 - (g) make no deductions under section 457(3) or 463H(5) of CTA 2009 (carry forward of non-trading deficits from loan relationships against subsequent non-trading profits), other than deductions that would be ignored for the purposes of section 269ZC by reason of section 269ZJ(2) (insurance companies: shock losses)^{F38}; and
 - (h) make no deductions under section 2A(1)(b) of TCGA 1992 (allowable losses accruing in earlier accounting periods).]
- (5) The following are “excluded deductions” for an accounting period (“the current accounting period”)—
- (a) a deduction for the current accounting period which is a relevant deduction for the purposes of section 269ZD (see subsection (3) of that section);
 - (b) a deduction under section 37 (relief for trade losses against total profits) in relation to a loss made in an accounting period after the current accounting period;
 - (c) a deduction under section 45F (terminal losses);
 - (d) a deduction under section 260(3) of CAA 2001 (special leasing of plant or machinery: carry back of excess allowances) in relation to capital allowances for an accounting period after the current accounting period; and
 - (e) a deduction under section 463E of CTA 2009 (non-trading deficit from loan relationships) in relation to a deficit for a period after the current accounting period.

Textual Amendments

- F24** Words in s. 269ZF heading substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 29\(6\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F25** Words in s. 269ZF(2) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 29\(2\)\(a\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F26** Words in s. 269ZF(2)(a) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 29\(2\)\(b\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F27** Words in s. 269ZF(2)(b) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 29\(2\)\(c\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F28** S. 269ZF(2A)(2B) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 5](#), 42 (with [Sch. 4 paras. 43-46](#))
- F29** Words in s. 269ZF(3) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 29\(3\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F30** Words in s. 269ZF(3) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 29\(4\)\(a\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F31** Word in s. 269ZF(3) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 29\(4\)\(b\)](#), 42 (with [Sch. 4 paras. 43-46](#))

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- F32** Words in s. 269F(3) substituted (retrospectively) by [Finance Act 2021 \(c. 26\), Sch. 8 paras. 9\(a\), 19](#)
- F33** Words in s. 269F(3) inserted (retrospectively) by [Finance Act 2021 \(c. 26\), Sch. 8 paras. 9\(b\), 19](#)
- F34** Words in s. 269ZF(3) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\), Sch. 4 paras. 29\(5\)\(a\), 42](#) (with [Sch. 4 paras. 43-46](#))
- F35** Word in s. 269ZF(3) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\), Sch. 4 paras. 29\(5\)\(b\), 42](#) (with [Sch. 4 paras. 43-46](#))
- F36** Words in s. 269ZF(3) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\), Sch. 4 paras. 6, 42](#) (with [Sch. 4 paras. 43-46](#))
- F37** Word in s. 269ZF(4)(f) omitted (with effect in relation to accounting periods beginning on or after 1.4.2020) by virtue of [Finance Act 2020 \(c. 14\), Sch. 4 paras. 7\(a\), 42](#) (with [Sch. 4 paras. 43-46](#))
- F38** S. 269ZF(4)(h) and word inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\), Sch. 4 paras. 7\(b\), 42](#) (with [Sch. 4 paras. 43-46](#))

“Relevant profits”

F39 **269ZFA**

- (1) A company’s “relevant profits” for an accounting period are—
- the company’s qualifying profits for the accounting period, less
 - the company’s deductions allowance for the accounting period (see [\[^{F40}section 269ZDA\]](#)).
- [\[^{F41}But if the allowance mentioned in paragraph \(b\) exceeds the profits mentioned in paragraph \(a\), the company’s “relevant profits” for the accounting period are nil.\]](#)
- (2) A company’s “qualifying profits” for an accounting period are—
- the amount given by paragraph (1) of step 1 in section 269ZF(3) in determining the company’s [\[^{F42}modified total profits\]](#) for the accounting period, less
 - the amount given by paragraph (1) of step 2 in section 269ZF(3) [\[^{F43}which could be relieved against\]](#) those profits for the accounting period.]

Textual Amendments

- F39** S. 269ZFA inserted (with effect in accordance with Sch. 10 para. 32 of the amending Act) by [Finance Act 2019 \(c. 1\), Sch. 10 para. 8](#)
- F40** Words in s. 269ZFA(1)(b) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\), Sch. 4 paras. 30\(2\), 42](#) (with [Sch. 4 paras. 43-46](#))
- F41** Words in s. 269ZFA(1) inserted (retrospectively) by [Finance Act 2021 \(c. 26\), Sch. 8 paras. 10, 19](#)
- F42** Words in s. 269ZFA(2)(a) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\), Sch. 4 paras. 30\(3\)\(a\), 42](#) (with [Sch. 4 paras. 43-46](#))
- F43** Words in s. 269ZFA(2)(b) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\), Sch. 4 paras. 30\(3\)\(b\), 42](#) (with [Sch. 4 paras. 43-46](#))

[\[^{F44}Modifications for certain insurance companies](#)

Textual Amendments

- F44** S. 269ZFB and cross-heading inserted (with effect in accordance with Sch. 10 para. 32 of the amending Act) by [Finance Act 2019 \(c. 1\), Sch. 10 para. 9](#)

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

269ZFB Modifications for certain insurance companies

- (1) This section has effect for determining the taxable total profits of a company for an accounting period if the company—
 - (a) is an insurance company, and
 - (b) carries on basic life assurance and general annuity business in the period.
- (2) A reference in section 269ZD(7) and section 269ZFA(2) to the amount given by a paragraph of a step in section 269ZF(3) is to be read as a reference to the amount that would be so given if—
 - (a) section 269ZF(4)(a) did not require income referable to a company’s basic life assurance and general annuity business to be ignored unless it falls within, and is dealt with under, Part 9A of CTA 2009 by reason of an election under section 931R of that Act, and
 - (b) section 269ZF(4)(d) required only the policyholders’ share of any I-E profit (as determined in accordance with section 103 of FA 2012) to be ignored ^{F45}and provided that no deductions of non-BLAGAB allowable losses from the shareholders’ share of BLAGAB chargeable gains are to be made under section 2A(1)(b) of TCGA 1992, as permitted by section 210A(2A)(b) of that Act].
- (3) In this section—

“basic life assurance and general annuity business” has the meaning given by section 57 of FA 2012, and

“insurance company” has the meaning given by section 65 of that Act.]

Textual Amendments

F45 Words in s. 269ZFB(2)(b) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 14\(3\), 42](#) (with [Sch. 4 paras. 43-46](#))

^{F46} **Restriction on deductions of non-BLAGAB allowable losses from BLAGAB chargeable gains**

- (1) This section has effect for determining the taxable total profits of an insurance company for an accounting period.
- (2) The sum of any deductions of non-BLAGAB allowable losses from the shareholders’ share of BLAGAB chargeable gains made by an insurance company for an accounting period under section 2A(1)(b) of TCGA 1992, as permitted by section 210A(2A)(b) of that Act, may not exceed the relevant maximum.
- (3) In this section, the “relevant maximum” means the sum of—
 - (a) 50% of the company’s relevant BLAGAB chargeable gains for the accounting period, and
 - (b) the amount of the company’s BLAGAB deductions allowance for the accounting period.
- (4) A company’s “relevant BLAGAB chargeable gains” for an accounting period are—
 - (a) the shareholders’ share of the BLAGAB chargeable gains for the accounting period, after any reduction under section 210A(2A)(a) of TCGA 1992, less

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (b) the amount of the company's BLAGAB deductions allowance for the accounting period.

But if the allowance mentioned in paragraph (b) exceeds the shareholders' share of the BLAGAB chargeable gains mentioned in paragraph (a), the company's "relevant BLAGAB chargeable gains" for the accounting period are nil.

- (5) A company's "BLAGAB deductions allowance" for an accounting period—
- (a) is so much of the company's deductions allowance for the period as is specified in the company's tax return as its BLAGAB deductions allowance for the period, and
 - (b) accordingly, is nil if no amount of the company's deductions allowance for the period is so specified.
- (6) An amount specified under subsection (5)(a) as the company's BLAGAB deductions allowance for an accounting period may not exceed the difference between—
- (a) the amount of the company's deductions allowance for the period, and
 - (b) the total of any amounts specified for the period under section 269ZB(7) (a) (trading profits deductions allowance), section 269ZBA(5)(a) (chargeable gains deductions allowance) and section 269ZC(5)(a) (non-trading income profits deductions allowance).
- (7) In this section, "BLAGAB chargeable gains", "insurance company" and "the shareholders' share of BLAGAB chargeable gains" have the same meaning as in section 210A of TCGA 1992.]

Textual Amendments

F46 S. 269ZFC inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by Finance Act 2020 (c. 14), Sch. 4 paras. 13, 42 (with Sch. 4 paras. 43-46)

Exclusion for certain general insurance companies

269ZG General insurance companies: excluded accounting periods

- (1) Nothing in sections 269ZB to [F⁴⁷269ZD] has effect for determining the taxable total profits of a general insurance company for an excluded accounting period.
- (2) An accounting period of a general insurance company is an "excluded accounting period" if conditions A and B are met.
- (3) Condition A is that—
 - (a) the company is subject to insolvency procedures (see section 269ZH) at the end of the accounting period,
 - (b) immediately before it became subject to insolvency procedures the company—
 - (i) was unable to pay its debts as they fell due, and
 - (ii) met the non-viability condition, and
 - (c) the company's liabilities in respect of qualifying latent claims (see section 269ZI) were the main factor contributing to the company's meeting the non-viability condition at that time.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (4) Condition B is that—
- (a) at the end of the accounting period the company meets the non-viability condition, and
 - (b) the company's liabilities in respect of qualifying latent claims are the main factor contributing to the company's meeting that condition at that time.
- (5) At any time, a general insurance company meets the non-viability condition if there is no realistic prospect that it will subsequently write any new insurance business.
- (6) For the purposes of this section a person who carries on the activity of effecting or carrying out contracts of general insurance is a “general insurance company” if—
- (a) the person has permission under Part 4A of the Financial Services and Markets Act 2000 to carry on that activity,
 - ^{F48}(b)
 - ^{F49}(c)
- (7) The definition in subsection (6) is subject to the following qualifications—
- (a) a friendly society within the meaning of Part 3 of FA 2012 is not a general insurance company, and
 - (b) an insurance special purpose vehicle (as defined in section 139 of FA 2012) is not a general insurance company.
- (8) In this section—
- “contract of general insurance” means a contract of a type described in Part 1 of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544);
 - “liability” includes a contingent or prospective liability.

Textual Amendments

- F47** Word in s. 269ZG(1) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 31, 42](#) (with [Sch. 4 paras. 43-46](#))
- F48** [S. 269ZG\(6\)\(b\)](#) omitted (31.12.2020) by virtue of [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), [regs. 1, 17\(5\)](#) (with [regs. 39-41](#)); [2020 c. 1](#), [Sch. 5 para. 1\(1\)](#)
- F49** [S. 269ZG\(6\)\(c\)](#) omitted (31.12.2020) by virtue of [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), [regs. 1, 17\(5\)](#) (with [regs. 39-41](#)); [2020 c. 1](#), [Sch. 5 para. 1\(1\)](#)

269ZH “Insolvency procedures”

- (1) For the purposes of section 269ZG a company is subject to insolvency procedures if—
- (a) it is in liquidation,
 - (b) it is in administration,
 - (c) it is in receivership, or
 - (d) a relevant scheme has effect in relation to it.
- (2) A company is “in liquidation” for the purposes of this section if—
- (a) it is in liquidation within the meaning of section 247 of the Insolvency Act 1986 or Part 3 of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)), or

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (b) a corresponding situation under the law of a country or territory outside the United Kingdom exists in relation to the company.
- (3) A company is “in administration” for the purposes of this section if—
 - (a) it is in administration within the meaning of Schedule B1 to the Insolvency Act 1986 or Schedule B1 to the Insolvency (Northern Ireland) Order 1989, or
 - (b) there is in force in relation to it under the law of a country or territory outside the United Kingdom any appointment corresponding to the appointment of an administrator under either of those Schedules.
- (4) A company is “in receivership” for the purposes of this section if there is in force in relation to it—
 - (a) an order for the appointment of an administrative receiver, a receiver and manager or a receiver under Chapter 1 or 2 of Part 3 of the Insolvency Act 1986 or Part 4 of the Insolvency (Northern Ireland Order) 1989, or
 - (b) any corresponding order under the law of a country or territory outside the United Kingdom.
- (5) In this section “relevant scheme” means a compromise or arrangement—
 - (a) under section 425 of the Companies Act 1985, Article 418 of the Companies (Northern Ireland) Order 1986 (S.I. 1986/1032 (N.I. 6)) or Part 26 [^{F50}or 26A] of the Companies Act 2006, or
 - (b) under any corresponding provision of the law of a country or territory outside the United Kingdom.

Textual Amendments

F50 Words in s. 269ZH(5)(a) inserted (26.6.2020) by [Corporate Insolvency and Governance Act 2020](#) (c. 12), s. 49(1), [Sch. 9 para. 43\(2\)](#) (with ss. 2(2), 5(2))

269ZI “Qualifying latent claims”

- (1) This section applies for the purposes of section 269ZG.
- (2) Where a general insurance company has a liability in respect of a claim, the claim is a “qualifying latent claim” if conditions A to C are met.
- (3) In this section “claim” means a claim (whether actual or potential) under an insurance policy.
- (4) Condition A is that—
 - (a) the claim is of a type that was not reasonably foreseeable at the time when the insurance policy concerned was entered into, and
 - (b) it is likely that, had the company foreseen that type of claim, the price or other terms of the policy would have been significantly different.
- (5) Condition B is that the latency period associated with that type of claim (see subsection (7)) is more than 10 years.
- (6) Condition C is that the insurance policy, or the part of the insurance policy under which the claim is or would be made, is—
 - (a) an employer's liability policy, or
 - (b) a public or products liability policy.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (7) The “latency period” associated with a type of claim is the mean period for claims of the type between—
 - (a) the insured event giving rise to the claim, and
 - (b) notification of the claim.
- (8) The mean period mentioned in subsection (7) is to be determined as at the end of the accounting period mentioned in section 269ZG(2).
- (9) In this section—
 - “employer's liability policy” means an insurance policy against the risks of the person insured incurring liabilities to the insured's employees for injury, illness or death arising out of their employment during the course of business;
 - “general insurance company” is to be interpreted in accordance with section 269ZG;
 - “insurance policy” includes any contract of insurance;
 - “liability” includes a contingent or prospective liability;
 - “public or products liability policy” means an insurance policy against the risks of the person insured incurring liabilities to third parties for damage to property, injury, illness or death, arising in the course of the insured's business.

269ZJ Exclusion of shock losses from restrictions

- (1) If a shock loss is—
 - (a) carried forward to an accounting period of an insurance company (see section 269ZP(2)), and
 - (b) deducted under section 45B (post-1 April 2017 trade losses carried forward against trade profits),the deduction is to be treated as not falling within section 269ZB(3).
- (2) If a shock loss is—
 - (a) carried forward to an accounting period of an insurance company, and
 - (b) deducted under section 463H of CTA 2009 (carry forward of unrelieved non-trading deficit from loan relationships against non-trading profits),the company is to be treated for the purposes of sections 269ZC and 269ZD(2)(b)(ii) as not having made that deduction.
- (3) If an insurance company makes a deduction of (or in respect of) a shock loss, that deduction is not a “relevant deduction” for the purposes of section 269ZD (restriction on deductions from total profits).

^{F51}(4)

Textual Amendments

F51 S. 269ZJ(4) omitted (with effect in accordance with Sch. 10 para. 32 of the amending Act) by virtue of Finance Act 2019 (c. 1), **Sch. 10 para. 10**

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

269ZK Meaning of “shock loss”: requirement to make a claim

- (1) If the conditions in subsection (3) are met, an insurance company may make a claim in respect of—
 - (a) a loss or other amount (the “specified loss”), and
 - (b) a period of 12 months (“the specified period”) which is a solvency shock period (see section 269ZM).
- (2) A claim may specify more than one 12 month period under subsection (1)(b) (but periods specified by an insurance company under this section may not overlap with one another).
- (3) The conditions are that—
 - (a) the accounting period (for corporation tax purposes) in which the specified loss arises (“the loss-making period”) begins on or after 1 April 2017,
 - (b) the specified loss is, or is capable of being, carried forward to a subsequent accounting period, and
 - (c) the loss-making period and the specified period have one or more days in common.
- (4) A claim under this section must be made within—
 - (a) the period of two years after the end of the loss-making period, or
 - (b) such further period as an officer of Revenue and Customs allows.
- (5) If—
 - (a) a claim is made under this section, and
 - (b) the whole of the loss-making period is, or falls within, the specified period, the specified loss is a “shock loss”.
- (6) If—
 - (a) a claim is made under this section, and
 - (b) the loss-making period falls partly, but not wholly, in the specified period, the specified loss is a “shock loss” so far as it is attributable to the specified period.
- (7) For the purposes of subsection (6) the specified loss is “attributable to” the specified period in the proportion—

$$\frac{P}{N}$$

Where P is the number of days of the loss-making period that fall within the specified period and N is the number of days in the loss-making period.

- (8) If the method in subsection (7) would produce a result that is unjust or unreasonable, the apportionment of the specified loss for the purposes of subsection (6) is to be made on a just and reasonable basis.

269ZL Further provision about claims under section 269ZK

- (1) A claim under section 269ZK is not effective unless—
 - (a) the claim—

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (i) states the company's solvency capital requirement at the beginning of the specified period,
 - (ii) states the company's shock loss threshold for that period, and sets out the calculation of that amount (as described in steps 2 to 5 of 269ZN(1)), and
 - (iii) states the amount of the company's solvency loss for that period (see section 269ZO), and
 - (b) the company submits with the claim—
 - (i) information (“the submitted information”) corresponding to the information specified in the template mentioned in point (i), (j) or (k) (as the case requires) of Article 4 of the technical standards implementing Regulation, and
 - (ii) a report provided by the appropriate person which meets the condition in subsection (2).
- (2) The condition is that the report includes an opinion confirming that—
 - (a) the submitted information is prepared in all material respects in accordance with any relevant requirements which would apply if the submitted information were disclosed as part of the company's report on solvency and financial condition,
 - (b) the calculation of the company's shock loss threshold (not including step 1(a) of section 269ZN(1)) complies in all material respects with section 269ZN, and
 - (c) the company's solvency loss is calculated in all material respects in accordance with section 269ZO.
- (3) In this section “relevant requirements” means—
 - (a) requirements under rules made by the Prudential Regulation Authority, and
 - (b) requirements under any directly applicable EU regulation made under the Solvency 2 Directive.
- (4) In this section “the appropriate person” means—
 - (a) the company's chief actuary, or
 - (b) (if the company is not a PRA-authorized person) a person with equivalent functions.
- (5) Subsections (1)(b)(i), (2)(a) and (3) have effect in relation to a third-country insurance undertaking as if it were an insurance undertaking.

269ZM Meaning of “solvency shock period”

A period of 12 months is a “solvency shock period” in relation to an insurance company if the company has a solvency loss for that period (see section 269ZO) which exceeds the company's shock loss threshold for that period (see section 269ZN).

269ZN Determination of shock loss threshold

- (1) A company's shock loss threshold for a 12 month period is determined as follows.
 - Step 1*
 - (a) Calculate the company's solvency capital requirement at the beginning of that period.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (b) But any adjustment for the loss-absorbing capacity of deferred taxes is to be calculated, and applied, on the assumption that that period is a solvency shock period in relation to the company.
 - (c) The resulting amount is the company's "adjusted SCR".
 - Step 2* Calculate the deductible amount (see subsection (2)) for each relevant ring-fenced fund of the company.
 - Step 3* Deduct the total of the amounts found under step 2 from the company's adjusted SCR.
 - Step 4* Multiply the amount found under step 3 by 90%.
 - Step 5* The result is the company's shock loss threshold for the period.
- (2) The deductible amount for a relevant ring-fenced fund is the lesser of A and B, where—
- (a) A is the amount of basic own funds within that fund at the beginning of the period (or zero, if greater);
 - (b) B is the notional solvency capital requirement for that fund at the beginning of that period.
- (3) But in calculating amount A for the purposes of subsection (2)—
- (a) no account is to be taken of the value of future transfers attributable to shareholders;
 - (b) a restricted own-fund item within the fund is to be disregarded if the company's with-profits actuary provides a written opinion confirming that the condition in subsection (4) is met.
- (4) The condition is that—
- (a) the item is available as a restricted own-fund item pursuant to conditional support arrangements, and
 - (b) if at the time mentioned in subsection (2)(a) or any subsequent time (when the conditional support arrangements are in place) the value of the company's interest in the item were to be (or is in fact) greater than zero, that value would be recognised for the purposes of a balance sheet drawn up at the time in question by the company in accordance with generally accepted accounting practice.
- (5) In this section "conditional support arrangements" means arrangements under which the relevant restrictions would cease to apply if specified conditions relating to the financial strength of the fund were met.
- (6) In subsection (5) "the relevant restrictions" means the restrictions on transferability as a result of which the item is a restricted own-fund item.
- (7) In this section "adjustment for the loss-absorbing capacity of deferred taxes" means—
- (a) an adjustment pursuant to Article 103(c) of the Solvency 2 Directive, or
 - (b) any corresponding adjustment made pursuant to Subsection 3 of Section 4 of Chapter 6 of Title 1 of the Solvency 2 Directive (solvency capital requirement full and partial internal models).
- (8) Where the company is a third-country insurance undertaking—
- (a) steps 1(b) and 2 to 5 of subsection (1), and
 - (b) subsections (2) to (7),

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

have effect with any modifications that are appropriate as a result of the reference in step 1(a) of subsection (1) to the “solvency capital requirement” having effect in accordance with section 269ZP(1)(b).

269ZO Calculation of solvency loss

- (1) An insurance company's solvency loss (if any) for a 12 month period is determined as follows.
- (2) Calculate, in the manner set out in subsections (5) to (11)—
 - (a) whether the total amount of the company's basic own funds at the beginning of the period (“opening BOF”) exceeds the total amount of the company's basic own funds at the end of the period (“closing BOF”), and
 - (b) if so, the amount by which opening BOF exceeds closing BOF.
- (3) The company has a solvency loss for the 12 month period only if an excess of opening BOF over closing BOF is found under subsection (2)(a).
- (4) The amount found under subsection (2)(b) is the amount of the solvency loss.
- (5) The method of calculation under subsection (2) must fairly represent the method by which the company calculates its solvency capital requirement.

But this is subject to subsections (6) to (10).

- (6) Closing BOF is to be calculated on the assumption that the 12 month period mentioned in subsection (1) is a solvency shock period in relation to the company.
- (7) The following adjustments are to be made in calculating the company's basic own funds at the beginning and end of the period—
 - (1) Find (with respect to each of those times) what that amount would be in the absence of this subsection.
 - (2) Find the surplus in respect of each relevant ring-fenced fund of the company (at the time in question).
 - (3) Deduct the total of the amounts found under paragraph 2 from the amount found under paragraph 1.

The result is to be taken to be the amount of the company's basic own funds at the beginning, or (as the case may be) the end, of the period.

- (8) The surplus in respect of a relevant ring-fenced fund (at any time) is equal to—
 - (a) the amount of basic own funds attributable to policyholders, or
 - (b) zero, if greater.
- (9) For any relevant ring-fenced fund, the amount of basic own funds attributable to policyholders (at any time) is equal to—

$$A - B$$

where—

A is the amount of basic own funds within the relevant ring-fenced fund;

B is the total of any items in the fund that fall within subsection (10).

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (10) The items are—
- (a) the value of future transfers attributable to shareholders;
 - (b) any restricted own-fund item in relation to which the company's with-profits actuary provides a written opinion confirming that the condition in subsection (4) of section 269ZN is met.
- (11) In subsection (5) the reference to the “method” of a calculation is to the—
- (a) taking into account, and
 - (b) leaving out of account,
- of variations in items of basic own funds for the purposes of the calculation.
- (12) If the company is a third-country insurance undertaking, subsections (1) to (11) have effect in relation to it as if it were an insurance undertaking.

269ZP Interpretation of sections 269ZJ to 269ZO

- (1) In sections 269ZJ to 269ZO “solvency capital requirement”—
- (a) in relation to an insurance undertaking or a reinsurance undertaking, means the solvency capital requirement pursuant to Section 4 of Chapter 6 of Title 1 of the Solvency 2 Directive;
 - (b) in relation to a third-country insurance undertaking, means the amount that would be the undertaking's solvency capital requirement pursuant to Section 4 of Chapter 6 of Title 1 of the Solvency 2 Directive if that undertaking were an insurance undertaking.
- (2) In sections 269ZJ to 269ZO and this section—
- “actuarial function”, in relation to a PRA-authorised person, has the meaning given by the PRA Rulebook;
 - “basic own funds” is to be interpreted in accordance with Article 88 of the Solvency 2 Directive;
 - “chief actuary”, in relation to a PRA-authorised person, means a person who has the function of having responsibility for the actuarial function;
 - “insurance company” means a company which is an insurance undertaking, a reinsurance undertaking or a third-country insurance undertaking;
 - “insurance undertaking” has the meaning given in Article 13(1) of the Solvency 2 Directive;
 - “notional solvency capital requirement”, in relation to a ring-fenced fund, has the same meaning as in Commission Delegated Regulation (EU) 2015/35 supplementing the Solvency 2 Directive;
 - “PRA-authorised person” has the same meaning as in the Financial Services and Markets Act 2000 (see section 2B(5) of that Act);
 - “the PRA Rulebook” means the Rulebook made by the Prudential Regulation Authority under the Financial Services and Markets Act 2000 (as that Rulebook has effect from time to time);
 - “reinsurance undertaking” has the meaning given in Article 13(4) of the Solvency 2 Directive;
 - “relevant ring-fenced fund” means a ring-fenced fund that is a with-profits fund;
 - “report on solvency and financial condition” means a report on solvency and financial condition pursuant to Article 51 of the Solvency 2 Directive;

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

“restricted own-fund item” is to be interpreted in accordance with Article 80(2) of Commission Delegated Regulation (EU) 2015/35 supplementing the Solvency 2 Directive;

“ring-fenced fund” has the same meaning as in Commission Delegated Regulation (EU) 2015/35 supplementing the Solvency 2 Directive;

“Solvency 2 Directive” means Directive 2009/138/EC of the European Parliament and the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II);

“technical standards implementing Regulation” means Commission Implementing Regulation (EU) 2015/2452 of 2 December 2015 laying down implementing technical standards with regard to the procedures, formats and templates of the solvency and financial condition report in accordance with the Solvency 2 Directive;

“third-country insurance undertaking” means an undertaking that has received authorisation under Article 162 of the Solvency 2 Directive from the Prudential Regulation Authority or the Financial Conduct Authority;

“value of future transfers attributable to shareholders” has the same meaning as in Article 80 of Commission Delegated Regulation (EU) 2015/35 supplementing the Solvency 2 Directive;

“with-profits fund” has the meaning given by the Glossary forming part of the PRA Rulebook;

“with-profits actuary” has the meaning given by the Glossary forming part of the Handbook made by the Financial Conduct Authority under the Financial Services and Markets Act 2000 (as that Handbook has effect from time to time).

269ZQ Power to amend

- (1) The Treasury may by regulations make such amendments of the provisions mentioned in subsection (2) as they consider appropriate in consequence of—
 - (a) any change made to, or replacement of, the PRA Rulebook or the FCA Handbook;
 - (b) any regulatory requirement, or change to a regulatory requirement, imposed by EU legislation, or by or under any Act (whenever adopted, enacted or made).

- (2) The provisions are—
 - (a) sections 269ZJ to 269ZP,
 - (b) sections 124A to [F⁵²124C] of FA 2012.

- (3) Regulations under this section may include transitional provision.

- (4) In this section—

“the PRA Rulebook” means the Rulebook made by the Prudential Regulation Authority under the Financial Services and Markets Act 2000 (as that Rulebook has effect from time to time);

“the FCA Handbook means the Handbook made by the Financial Conduct Authority under the Financial Services and Markets Act 2000 (as that Handbook has effect from time to time).

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

Textual Amendments

F52 Word in s. 269ZQ(2)(b) substituted (with effect in accordance with Sch. 10 para. 32 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **Sch. 10 para. 11**

Deductions allowance

269ZR Deductions allowance for company in a group

- (1) This section makes provision as to the deductions allowance of a company for an accounting period where, at any time in the period—
 - (a) the company is a member of a group, and
 - (b) one or more other companies within the charge to corporation tax are members of that group.
- (2) The company's deductions allowance for the accounting period is the sum of—
 - (a) any amounts of group deductions allowance allocated to the company for the period in accordance with sections 269ZS to 269ZV, and
 - (b) the appropriate amount of non-group deductions allowance of the company for the period,
 up to a limit of £5,000,000.
- (3) The “appropriate amount of non-group deductions allowance” of the company, for the accounting period, is—

$$\frac{\text{DNG}}{\text{DAC}} \times \pounds 5,000,000$$

where—

“DNG” is the number of days in the period on which the company is not a member of a group that has another member that is a company within the charge to corporation tax, and

“DAC” is the total number of days in the period.

- (4) If the accounting period is less than 12 months—
 - (a) the appropriate amount of non-group deductions allowance, and
 - (b) the limit in subsection (2),
 are proportionally reduced.

[See section 269ZYA for further provision about the deductions allowance for a ^{F53}(5) company without a source of chargeable income which is a member of a group.]

Textual Amendments

F53 S. 269ZR(5) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), **Sch. 4 paras. 32, 42** (with [Sch. 4 paras. 43-46](#))

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

269ZS Group deductions allowance and the nominated company

- (1) This section applies where—
 - (a) two or more members of a group are companies within the charge to corporation tax, and
 - (b) all the companies within the charge to corporation tax that are members of the group together nominate (“the group allowance nomination”) one of their number (“the nominated company”) for the purposes of this Part.
- (2) The “group deductions allowance” for the group is £5,000,000 for each accounting period of the nominated company throughout which the group allowance nomination has effect.
- (3) If the group allowance nomination takes effect, or ceases to have effect, part of the way through an accounting period of the nominated company, the “group deductions allowance” for the group for that period is—

$$\frac{\text{DN}}{\text{DAC}} \times \text{£}5,000,000$$

where—

“DN” is the number of days in the accounting period on which a group allowance nomination that nominates the nominated company in relation to the group has effect, and

“DAC” is the total number of days in the accounting period.

- (4) If an accounting period of the nominated company is less than 12 months, the group deductions allowance for that period is proportionally reduced.
- (5) A group allowance nomination must state the date on which it is to take effect (which may be earlier than the date the nomination is made).
- (6) A group allowance nomination is of no effect unless it is signed by the appropriate person on behalf of each company that is, when the nomination is made, a member of the group and within the charge to corporation tax.
- (7) A group allowance nomination ceases to have effect—
 - (a) immediately before the date on which a new group allowance nomination in respect of the group takes effect,
 - (b) upon the appropriate person in relation to a company within the charge to corporation tax that is a member of the group notifying an officer of Revenue and Customs, in writing, that the group allowance nomination is revoked, or
 - (c) upon the nominated company ceasing to be a company within the charge to corporation tax or ceasing to be a member of the group.
- (8) The Commissioners for Her Majesty's Revenue and Customs may by regulations make further provision about a group allowance nomination or any notification under this section including, in particular, provision—
 - (a) about the form and manner in which a nomination or notification may be made,
 - (b) about how a nomination may be revoked and the form and manner of such revocation,

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (c) requiring a person to notify HMRC of the making or revocation of a nomination,
 - (d) requiring a person to give information to HMRC in connection with the making or revocation of a nomination or the giving of a notification,
 - (e) imposing time limits in relation to making or revoking a nomination or giving a notification, and
 - (f) providing that a nomination or its revocation, or a notification, is of no effect, or ceases to have effect, if time limits or other requirements under the regulations are not met.
- (9) In this Part “the appropriate person”, in relation to a company, means—
- (a) the proper officer of the company, or
 - (b) such other person as may for the time being have the express, implied or apparent authority of the company to act on its behalf for the purposes of this Part.
- (10) Subsections (3) and (4) of section 108 of TMA 1970 (responsibility of company officers: meaning of “proper officer”) apply for the purposes of subsection (9) as they apply for the purposes of that section.

Group allowance nomination: former groups

^{F54}269ZSA

- (1) This section applies where—
- (a) a group ceases to be a group for the purposes of this Part (because the companies that were members of the group no longer together meet the condition in section 269ZZB(2)), and
 - (b) immediately before the group ceased to be a group for the purposes of this Part—
 - (i) two or more members of the group were companies within the charge to corporation tax, and
 - (ii) no group allowance nomination under section 269ZS had effect in relation to the group.
- (2) All the companies that were, immediately before the group ceased to be a group for the purposes of this Part, members of the group and within the charge to corporation tax may together nominate (“the group allowance nomination”) one of their number (“the nominated company”) for the purposes of this Part.
- (3) It is irrelevant for the purposes of subsection (2) whether or not the companies (including the nominated company) are within the charge to corporation tax when the nomination is made.
- (4) A group allowance nomination under this section has effect during the period—
- (a) beginning with the date on which it is stated to take effect (see section 269ZS(5), as it has effect by virtue of subsection (5)(a) of this section), and
 - (b) ending immediately before the group ceased to be a group for the purposes of this Part.
- (5) For the purposes of this Part, treat a group allowance nomination under this section as a group allowance nomination under section 269ZS, but that section is to apply to a group allowance nomination under this section subject to the following modifications—

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (a) section 269ZS(5) has effect as if, for the words in brackets, there were substituted “ (which must be earlier than the date on which the group ceased to be a group for the purposes of this Part) ”;
 - (b) section 269ZS(6) has effect as if, for the words “is, when the nomination is made”, there were substituted “ was, immediately before the group ceased to be a group for the purposes of this Part ”;
 - (c) section 269ZS(7) does not apply (but see subsection (4) of this section);
 - (d) in section 269ZS(8), ignore references to the revocation of a group allowance nomination (however expressed).
- (6) Only one group allowance nomination under this section may be made in respect of a group.]

Textual Amendments

F54 S. 269ZSA inserted (with effect in accordance with [Sch. 8 para. 16](#) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 8 para. 2](#) (with [Sch. 8 para. 22](#))

269ZT Group allowance allocation statement: submission

- (1) A company must submit a group allowance allocation statement to HMRC for each of its accounting periods in which it is the nominated company in relation to a group.

This is subject to subsections (2) [^{F55}to (3A)].

- (2) If a company ceases to be the nominated company in relation to a group before it submits a group allowance allocation statement to HMRC for an accounting period—
- (a) that company may not submit the statement, and
 - (b) the company that is for the time being the nominated company in relation to the group must do so.

- (3) But if a new group allowance nomination in respect of the group takes effect on a date before it is made, that does not affect the validity of the submission of any group allowance allocation statement submitted before the date the new nomination is made.

[A company need not submit a group allowance allocation statement to HMRC for an ^{F56}(3A) accounting period if the statement would, if submitted, allocate no amount of group deductions allowance in accordance with section 269ZV(3)(f).]

- (4) A group allowance allocation statement under this section must be received by HMRC [^{F57}on or before whichever is the latest of the following dates—
- (a) the first anniversary of the filing date for the company tax return for the accounting period to which the statement relates;
 - (b) if notice of enquiry (within the meaning of Schedule 18 to FA 1998) is given into a company tax return of a company for an accounting period for which an amount of group deductions allowance is, or could be, allocated by the statement, 30 days after the enquiry is completed;
 - (c) if, after such an enquiry, an officer of Revenue and Customs amends the return under paragraph 34(2) of that Schedule, 30 days after the notice of amendment is issued;
 - (d) if an appeal is brought against such an amendment, 30 days after the date on which the appeal is finally determined.]

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (5) A group allowance allocation statement under this section may be submitted at a later time if an officer of Revenue and Customs allows it.
- (6) A group allowance allocation statement under this section must comply with the requirements of section 269ZV.

Textual Amendments

- F55** Words in s. 269ZT(1) substituted (with effect in accordance with Sch. 8 para. 17 of the amending Act) by Finance Act 2021 (c. 26), **Sch. 8 para. 11(2)**
- F56** S. 269ZT(3A) inserted (with effect in accordance with Sch. 8 para. 17 of the amending Act) by Finance Act 2021 (c. 26), **Sch. 8 para. 11(3)**
- F57** Words in s. 269ZT(4) substituted (with effect in accordance with Sch. 8 para. 17 of the amending Act) by Finance Act 2021 (c. 26), **Sch. 8 para. 11(4)**

269ZU Group allowance allocation statement: submission of revised statement

- (1) This section applies if a group allowance allocation statement has been submitted under section 269ZT, or this section, in respect of an accounting period of a company that is, or was, a nominated company (“the nominee's accounting period”).
- (2) A revised group allowance allocation statement in respect of the nominee's accounting period may be submitted to HMRC by the company that is for the time being the nominated company in relation to the group.
- (3) But if a new group allowance nomination in respect of the group takes effect on a date before it is made, that does not affect the validity of the submission of any revised group allowance allocation statement submitted before the date the new nomination is made.
- (4) A revised group allowance allocation statement may be submitted on or before whichever is the latest of the following dates—
 - (a) the first anniversary of the filing date for the company tax return for the nominee's accounting period,
 - (b) if notice of enquiry (within the meaning of Schedule 18 to FA 1998) is given into a relevant company tax return, 30 days after the enquiry is completed,
 - (c) if, after such an enquiry, an officer of Revenue and Customs amends the return under paragraph 34(2) of that Schedule, 30 days after the notice of amendment is issued,
 - (d) if an appeal is brought against such an amendment, 30 days after the date on which the appeal is finally determined.
- (5) A revised group allowance allocation statement may be submitted at a later time if an officer of Revenue and Customs allows it.
- (6) In this section “relevant company tax return” means a company tax return of a company for an accounting period for which an amount of group deductions allowance was, or could have been, allocated by a previous group allowance allocation statement in respect of the nominee's accounting period.
- (7) The references in subsection (4) to an enquiry into a relevant company tax return do not include an enquiry resulting from an amendment of such a return where—

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (a) the scope of the enquiry is limited as mentioned in paragraph 25(2) of Schedule 18 to FA 1998 (enquiry into amendments when time limit for enquiry into return as originally submitted is passed), and
 - (b) the amendment relates only to the allocation of group deductions allowance for the nominee's accounting period.
- (8) A group allowance allocation statement under this section must comply with the requirements of section 269ZV.

269ZV Group allowance allocation statement: requirements and effects

- (1) This section applies in relation to a group allowance allocation statement submitted under section 269ZT or 269ZU.
- (2) The statement must be signed by the appropriate person in relation to the company giving the statement.
- (3) The statement must—
 - (a) identify the group to which it relates,
 - (b) specify the accounting period, of the company that is or was the nominated company, to which the statement relates (“the nominee's accounting period”),
 - (c) specify the days in the nominee's accounting period on which that company was the nominated company in relation to the group or state that that company was the nominated company throughout the period,
 - (d) state the group deductions allowance the group has for the nominee's accounting period,
 - (e) list one or more of the companies that were members of the group and within the charge to corporation tax in the nominee's accounting period (“listed companies”),
 - (f) allocate amounts of the group deductions allowance to the listed companies, and
 - (g) for each amount of group deductions allowance allocated to a listed company, specify the accounting period of the listed company for which it is allocated.
- (4) An amount of group deductions allowance allocated to a listed company must be allocated to that company for an accounting period that falls wholly or partly in the nominee's accounting period.
- (5) The maximum amount of group deductions allowance that may be allocated, by the group allowance allocation statement, to a listed company for an accounting period of that company is—

$$\frac{\text{DAP}}{\text{DNAP}} \times \text{GSA}$$

where—

- “DAP” is the number of days in the accounting period of the listed company that are—
- (a) days in the nominee's accounting period [^{F58}on which the nominee was the nominated company in relation to the group], and
 - (b) days on which the [^{F59}listed] company was a member of the group,

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

“DNAP” is the number of days in the nominee's accounting period [^{F60}on which the nominee was the nominated company in relation to the group], and

“GSA” is the group deductions allowance of the group for the nominee's accounting period.

[In its application in relation to a listed company that is the ultimate parent (see ^{F61}(5A) section 269ZZB(3)) of each other company in the group, subsection (5) has effect as if after “the group” in paragraph (b) of the definition of DAP there was inserted “and was not a member of any other group]

- (6) The sum of the amounts allocated to listed companies by the group allowance allocation statement may not exceed the group deductions allowance for the nominee's accounting period.
- (7) If a group allowance allocation statement is submitted that does not comply with subsection (5) or (6), the company that is, for the time being, the nominated company in relation to the group must submit a revised group allowance allocation statement that does comply with those subsections within 30 days of the date on which the group allowance allocation statement that did not comply was submitted or within such further period as an officer of Revenue and Customs allows.
- (8) If a group allowance allocation statement—
 - (a) complies with those subsections when it is submitted, but
 - (b) subsequently ceases to comply with either of them,
 the company that is, for the time being, the nominated company in relation to the group must submit a revised group allowance allocation statement that does comply with those subsections within 30 days of the date on which the group allowance allocation statement ceased to comply with one of those subsections or within such further period as an officer of Revenue and Customs allows.
- (9) If a company fails to comply with subsection (7) or (8), an officer of Revenue and Customs may by written notice to the company amend the group allowance allocation statement as the officer thinks fit for the purpose of making it comply with subsections (5) and (6).
- (10) An officer of Revenue and Customs who issues a notice under subsection (9) to a company must, at the same time, send a copy of the notice to each of the listed companies.
- (11) The time limits otherwise applicable to the amendment of a company tax return do not apply to any such amendment to the extent that it is made in consequence of a group allowance allocation statement being submitted in accordance with section 269ZT or 269ZU.
- (12) The Commissioners for Her Majesty's Revenue and Customs may by regulations make further provision about a group allowance allocation statement including, in particular, provision—
 - (a) about the form of a statement and the manner in which it is to be submitted,
 - (b) requiring a person to give information to HMRC in connection with a statement,
 - (c) as to the circumstances in which a statement that is not received by the time specified in section 269ZU(4) is to be treated as if it were so received, and

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (d) as to the circumstances in which a statement that does not comply with the requirements of this section is to be treated as if it did comply.

Textual Amendments

- F58** Words in s. 269ZV(5) inserted (with effect in accordance with Sch. 8 para. 20 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 8 para. 12\(a\)\(i\)](#)
- F59** Word in s. 269ZV(5) inserted (with effect in accordance with Sch. 8 para. 20 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 8 para. 12\(a\)\(ii\)](#)
- F60** Words in s. 269ZV(5) inserted (with effect in accordance with Sch. 8 para. 20 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 8 para. 12\(b\)](#)
- F61** S. 269ZV(5A) inserted (with effect in accordance with Sch. 10 para. 32 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 10 para. 12](#)

Group allowance allocation statement: former groups

269ZVA

(1) This section applies where—

- (a) a group ceases to be a group for the purposes of this Part (because the companies that were members of the group no longer together meet the condition in section 269ZZB(2)), and
- (b) immediately before the group ceased to be a group for the purposes of this Part, a group allowance nomination had effect in relation to the group (including a group allowance nomination made after that event under section 269ZSA).

(2) Sections 269ZT to 269ZV have effect subject to the following modifications—

- (a) section 269ZT(2)(a) does not apply to the company that was the nominated company under the group allowance nomination mentioned in subsection (1)
- (b) (accordingly, that company may submit a group allowance allocation statement under section 269ZT);
- (b) for the purposes of sections 269ZT(2)(b), 269ZU(2) and 269ZV(7) and (8), treat the company that was the nominated company under the group allowance nomination mentioned in subsection (1)(b) as the company that is, for the time being, the nominated company in relation to the group;
- (c) section 269ZV(5A) has effect as if the reference to a listed company that is the ultimate parent of a group were to a listed company that was the ultimate parent of the group immediately before the group ceased to be a group for the purposes of this Part.]

Textual Amendments

- F62** S. 269ZVA inserted (with effect in accordance with [Sch. 8 para. 16](#) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 8 para. 3](#) (with [Sch. 8 para. 23](#))

269ZW Deductions allowance for company not in a group

- (1) This section makes provision as to the deductions allowance of a company for an accounting period where section 269ZR (deductions allowance for company in a group) does not apply.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (2) The company's deductions allowance for the accounting period is £5,000,000.
- (3) If the accounting period is less than 12 months, the company's deductions allowance for the period is proportionally reduced.
- [See section 269ZYA for further provision about the deductions allowance for a
F63 (4) company without a source of chargeable income.]

Textual Amendments

F63 S. 269ZW(4) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by Finance Act 2020 (c. 14), Sch. 4 paras. 33, 42 (with Sch. 4 paras. 43-46)

Increase of deductions allowance for insolvent companies

F64 269ZWA

- (1) This section applies in relation to a company if—
- the company has gone into insolvent liquidation (see subsection (4)), or
 - a corresponding situation exists in relation to the company in a country or territory outside the United Kingdom.
- (2) The company's deductions allowance for a winding up accounting period (as determined in accordance with section 269ZR or 269ZW) is to be treated (for all purposes) as increased by—
- the amount of chargeable gains accruing to the company in the accounting period after deducting any allowable losses accruing to the company in the period, or
 - if lower, the amount of any allowable losses previously accruing to the company, so far as not previously deducted under section 2A(1) of TCGA 1992.
- (3) In determining the amount of chargeable gains accruing to the company in a winding up accounting period for the purposes of subsection (2), ignore—
- any chargeable gains (but not any allowable losses) accruing to the company on the disposal of an asset if—
 - section 171(1) of TCGA 1992 (transfers within a group: no gain no loss) applied in relation to the disposal by which the company acquired the asset (the “no gain/no loss disposal”),
 - the asset was acquired by the company, by virtue of the no gain/no loss disposal, in a winding up accounting period, and
 - the company making the no gain/no loss disposal has not, at that time, gone into insolvent liquidation, and
 - any chargeable gains (but not any allowable losses) transferred to the company in accordance with an election made under section 171A of TCGA 1992 (election to reallocate gain or loss to another member of the group) if—
 - the election is made in a winding up accounting period, and
 - the company from which the chargeable gain is transferred has not, at the time the election is made, gone into insolvent liquidation.
- (4) For the purposes of this section, a company has gone into insolvent liquidation if—

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (a) it has gone into liquidation, within the meaning of section 247(2) of the Insolvency Act 1986 or article 6(2) of the Insolvency (Northern Ireland) Order 1989 (SI 1989/2405 (NI 19), and
 - (b) at the time it goes into liquidation, its assets are insufficient for the payment of its debts and other liabilities and the expenses of the winding up.
- (5) In this section a “winding up accounting period” means—
- (a) the accounting period of the company that begins when the winding up starts (within the meaning of section 12(7) of CTA 2009), and
 - (b) each subsequent accounting period.]

Textual Amendments

- F64** S. 269ZWA inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by Finance Act 2020 (c. 14), Sch. 4 paras. 8, 42 (with Sch. 4 paras. 43-46)

269ZX Increase of deductions allowance [^{F65}in connection with onerous or impaired leases]

- (1) This section applies if—
- (a) a [^{F66}relevant credit] is brought into account in calculating a company's specified profits for an accounting period, and
 - (b) the amount of the company's specified profits for the accounting period is greater than nil.

[In this section “relevant credit” means a relevant reversal credit, a relevant ^{F67}(1A) remeasurement credit or a relevant variable lease payment (see sections 269ZY and 269ZYZA).]

- (2) For the purposes of this section a company's “specified profits” for an accounting period are the sum of—
- (a) the company's total profits for the accounting period, calculated with the modifications set out in section 269ZF(4), and
 - (b) any I-E profit of the company for the accounting period.
- (3) The company's deductions allowance for the accounting period (as determined in accordance with section 269ZR or 269ZW) is to be treated (for all purposes) as increased by—
- (a) the amount of the [^{F68}relevant credit (or, if there is more than one, the sum of the relevant credits)], or
 - (b) if lower, the amount of the specified profits.

Textual Amendments

- F65** Words in s. 269ZX heading substituted (with effect in accordance with s. 30(17)-(19) of the amending Act) by Finance Act 2022 (c. 3), s. 30(3)
- F66** Words in s. 269ZX(1)(a) substituted (with effect in accordance with s. 30(17)-(19) of the amending Act) by Finance Act 2022 (c. 3), s. 30(4)
- F67** S. 269ZX(1A) inserted (with effect in accordance with s. 30(17)-(19) of the amending Act) by Finance Act 2022 (c. 3), s. 30(5)

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

F68 Words in s. 269ZX(3)(a) substituted (with effect in accordance with s. 30(17)-(19) of the amending Act) by Finance Act 2022 (c. 3), s. 30(6)

269ZY Meaning of “relevant reversal credit”

- (1) For the purposes of section 269ZX a “relevant reversal credit” is a credit, or other income, brought into account in respect of the relevant reversal (see subsections (3) and (5)) of ^{F69}—
 - (a) a relevant onerous lease provision (see subsection (2)), or
 - (b) a relevant right-of-use asset impairment loss (see subsection (2A)).]
- (2) A provision in the accounts of a company (“C”) is a “relevant onerous lease provision” if—
 - (a) the provision relates to a lease of land under which C is the tenant (and “L” is the landlord),
 - (b) the provision is required, for ^{F70}accounting] purposes, as a provision for an onerous lease, and
 - (c) the lease was entered into at arm's length.

[A loss in the accounts of a company (“C”) is a “relevant right-of-use asset impairment ^{F71}(2A) loss” if—

 - (a) the loss relates to an asset (a “right-of-use asset”) recognised in the accounts to reflect C’s right to use land as the tenant under a lease (where “L” is the landlord),
 - (b) the loss is required to be recognised, for accounting purposes, because the right-of-use asset is impaired, and
 - (c) the lease was entered into at arm’s length.]
- (3) The reversal (in whole or in part) of a relevant onerous lease provision ^{F72}or a relevant right-of-use asset impairment loss] is a “relevant reversal” if—
 - (a) the reversal is required for ^{F73}accounting] purposes as a result of an arrangement (“C’s arrangement”) made at arm's length under which C's obligations under the lease are varied or cancelled,
 - (b) subsection (4) does not apply, and
 - (c) at least one of conditions X, Y and Z in subsection (7) is met.
- (4) This subsection applies if—
 - (a) C and L are connected at the time when C's arrangement is made, or
 - (b) the landlord who granted the lease (whether that was L or another person) and the tenant to whom it was granted (whether that was C or another person) were connected at the time when the lease was granted.
- (5) The reversal (in whole or in part) of a relevant onerous lease provision ^{F74}or a relevant right-of-use asset impairment loss] is a “relevant reversal” if—
 - (a) the lease has been granted out of a lease (“the superior lease”),
 - (b) L and C are members of the same group of companies,
 - (c) the reversal would be a relevant reversal by virtue of subsection (3) if the condition in subsection (3)(b) (lack of connection between C and L) were met,
 - (d) the terms of C's arrangement substantially reflect those of an arrangement (“L's arrangement”) made at arm's length under which L's obligations under the superior lease are varied or cancelled, and

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (e) subsection (6) does not apply.
- (6) This subsection applies if—
 - (a) at the time when L's arrangement is made, the landlord under the superior lease (“S”) is connected with L or C, or
 - (b) the landlord who granted the superior lease (whether that is S or another person) and the tenant to whom it was granted (whether that was L or another person) were connected at the time when that lease was granted.
- (7) The conditions mentioned in subsection (3)(c) are as follows.
 - Condition X is that—
 - (a) it is reasonable to suppose that immediately before C's arrangement was made there was a material risk that at some time within the next 12 months C would be unable to pay its debts as they fell due, and
 - (b) the sole or main purpose of C's arrangement was to avert that risk (whether directly or indirectly).

Debts due to a person connected with C are to be regarded as not being debts for the purposes of paragraph (a).

Condition Y is that C is in insolvent administration.

Condition Z is that C's arrangement is, or is part of, a statutory insolvency arrangement.

- (8) In this section “statutory insolvency arrangement” means—
 - (a) a voluntary arrangement that has taken effect under, or as a result of, the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/ 2405 (N.I. 19)),
 - (b) a compromise or arrangement that has taken effect under Part 26 [^{F75}or 26A] of the Companies Act 2006, or
 - (c) an arrangement or compromise of a kind corresponding to any of those mentioned in paragraph (a) or (b) that has taken effect under, or as a result of, the law of a country or territory outside the United Kingdom,(and for the purposes of this section an arrangement which is, or is part of, a statutory insolvency arrangement is taken to be “made” when the statutory insolvency arrangement takes effect).
- (9) For the purposes of this section a company in administration is in insolvent administration if—
 - (a) it entered administration under Schedule B1 to the Insolvency Act 1986, or Schedule B1 to the Insolvency (Northern Ireland) Order 1989, at a time when its assets were insufficient for the payment of its debts and other liabilities and the expenses of the administration, or
 - (a) under the law of a country or territory outside the United Kingdom circumstances corresponding to those mentioned in paragraph (a) exist.

[For the purposes of subsection (2A)(b), where a company's accounts previously ^{F76}(9A) included provision for an onerous lease, any right-of-use asset included in the accounts in respect of that lease is to be treated as impaired, unless there has been a material change of circumstances.]

- (10) In the application of subsection (5) to Scotland, the reference to the lease having been granted out of the superior lease is to the lease being a sublease of land subject to the superior lease.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (11) Section 152 (groups of companies) applies for the purposes of this section as it applies for the purposes of Part 5.
- (12) For the purposes of this section any question whether a person is connected with another is to be determined in accordance with section 1122.

Textual Amendments

- F69** Words in s. 269ZY(1) substituted (with effect in accordance with s. 30(17)-(19) of the amending Act) by Finance Act 2022 (c. 3), s. 30(8)
- F70** Word in s. 269ZY(2)(b) substituted (with effect in accordance with s. 30(17)-(19) of the amending Act) by Finance Act 2022 (c. 3), s. 30(9)
- F71** S. 269ZY(2A) inserted (with effect in accordance with s. 30(17)-(19) of the amending Act) by Finance Act 2022 (c. 3), s. 30(10)
- F72** Words in s. 269ZY(3) inserted (with effect in accordance with s. 30(17)-(19) of the amending Act) by Finance Act 2022 (c. 3), s. 30(11)(a)
- F73** Word in s. 269ZY(3)(a) substituted (with effect in accordance with s. 30(17)-(19) of the amending Act) by Finance Act 2022 (c. 3), s. 30(11)(b)
- F74** Words in s. 269ZY(5) inserted (with effect in accordance with s. 30(17)-(19) of the amending Act) by Finance Act 2022 (c. 3), s. 30(12)
- F75** Words in s. 269ZY(8)(b) inserted (26.6.2020) by Corporate Insolvency and Governance Act 2020 (c. 12), s. 49(1), Sch. 9 para. 43(3) (with ss. 2(2), 5(2))
- F76** S. 269ZY(9A) inserted (with effect in accordance with s. 30(17)-(19) of the amending Act) by Finance Act 2022 (c. 3), s. 30(13)

Other relevant credits

^{F77} 269ZYZA

- (1) For the purposes of section 269ZX a “relevant remeasurement credit” is a credit, or other income, brought into account in respect of a relevant remeasurement excess.
- (2) There is a “relevant remeasurement excess” where—
- a company (“C”) is the tenant under a lease of land (and “L” is the landlord),
 - C’s accounts include a relevant right-of-use asset impairment loss in connection with the lease,
 - under an arrangement (“C’s arrangement”) made at arm’s length, C’s obligations under the lease are varied or cancelled,
 - as a result of C’s arrangement, C is required, for accounting purposes, to remeasure the lease liability in relation to the lease,
 - the remeasurement results in the lease liability being reduced by an amount which exceeds the amount of the right-of-use asset recognised in relation to the lease (taking account of any right-of-use asset impairment loss), and
 - the relevant requirements are met (see subsection (5)).
- (3) For the purposes of section 269ZX a variable lease payment is “relevant” if it is a credit, or other income, brought into account in circumstances described in subsection (4).
- (4) Those circumstances are where—
- a company (“C”) is the tenant under a lease of land (and “L” is the landlord),
 - C’s accounts include a relevant right-of-use asset impairment loss in connection with the lease,

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (c) under an arrangement (“C’s arrangement”) made at arm’s length, there is a change in the payments that would have been payable by C under the lease on or before 30 June 2022,
 - (d) the change would not have been made if it were not for coronavirus,
 - (e) for accounting purposes, C opts to record the change by means of variable lease payments (rather than by remeasuring its lease liability in relation to the lease), and
 - (f) the relevant requirements are met (see subsection (5)).
- (5) For the purposes of subsections (2) and (4), the relevant requirements are met if—
- (a) the requirements in section 269ZY(3)(b) and (c), or
 - (b) the requirements in section 269ZY(3)(c) and (5)(a), (b), (d) and (e),
- are met in relation to C, L and C’s arrangement (as defined in subsection (2) or (4), as appropriate).
- (6) In determining whether a company is required to account as described in subsection (2)(d), ignore any option the company has to account as described in subsection (4)(e).
- (7) The Treasury may by regulations substitute for the date for the time being specified in subsection (4)(c) such later date as they consider appropriate.
- (8) In this section—
- “coronavirus” means severe acute respiratory syndrome coronavirus 2;
 - “lease liability”, in relation to a company and a lease, means a liability recognised in the company’s accounts to reflect the company’s obligations as tenant under the lease;
 - “right-of-use asset”, in relation to a company and a lease, means an asset recognised in the company’s accounts to reflect the company’s right to use land as the tenant under the lease;
 - “relevant right-of-use impairment loss” has the meaning given in section 269ZY(2A).]

Textual Amendments

F77 S. 269ZYZA inserted (with effect in accordance with s. 30(17)-(19) of the amending Act) by [Finance Act 2022 \(c. 3\)](#), s. 30(14)

Deductions allowance for company without a source of chargeable income

F78 269ZYA

- (1) This section applies in relation to a company and a financial year (“the relevant financial year”) if—
- (a) the company has no source of chargeable income (see subsection (2)) throughout the relevant financial year, and
 - (b) if the company is a member of a group (see section 269ZZB) at any time during the relevant financial year, each other company that is, at any time during the relevant financial year, a member of the group has no source of chargeable income throughout the relevant financial year.
- (2) For the purposes of this section and section 269ZYB, a company “has no source of chargeable income” if the company is either—
- (a) not within the charge to corporation tax, or

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (b) chargeable to corporation tax only because of a chargeable gain accruing to the company on the disposal of an asset.
- (3) A company may make a claim under this section in respect of an accounting period if—
 - (a) the accounting period falls wholly within the relevant financial year, and
 - (b) the company is chargeable to corporation tax for the accounting period only because of a chargeable gain accruing to the company on the disposal of an asset.
- (4) If a claim is made by a company under this section in respect of an accounting period (a “claim AP”), the company’s deductions allowance for the claim AP is the lower of—
 - (a) the available deductions allowance amount (see subsection (9)),
 - (b) the total amount of allowable losses accruing to the company in any previous accounting period, so far as not previously deducted under section 2A(1)(a) or (b) of TCGA 1992, and
 - (c) the chargeable gains accruing to the company in the claim AP.
- (5) A claim under this section in respect of an accounting period—
 - (a) must be made within the period of two years after the end of the accounting period, but
 - (b) may not be made before the end of the relevant financial year.
- (6) Sections 269ZR to 269ZY (deductions allowances) do not apply to a claim AP.
- (7) Subsection (8) applies if—
 - (a) there is at least one claim AP falling wholly within the relevant financial year, and
 - (b) there is at least one accounting period falling wholly within the relevant financial year in respect of which no claim is made under this section (an “alternative AP”).
- (8) The company’s deductions allowance for an alternative AP is the lower of—
 - (a) the deductions allowance that would be available, ignoring the effect of this section (see sections 269ZR to 269ZY), and
 - (b) the available deductions allowance amount (see subsection (9)).
- (9) For the purposes of this section, the “available deductions allowance amount” is—
 - (a) £5,000,000, less
 - (b) the total of the deductions allowance amounts (if any) already claimed by—
 - (i) the company, and
 - (ii) if the company is a member of a group at any time during the relevant financial year, each other company that is, at any time during the relevant financial year, a member of the group,
 in respect of each claim AP and alternative AP that falls wholly within the relevant financial year.
- (10) In this section, references to the deductions allowance amounts claimed by a company in respect of an accounting period—
 - (a) for a claim AP, are references to any deductions allowance claimed by the company under this section in respect of the period, and

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (b) for an alternative AP, are references to any other amount specified in the company's tax return as its chargeable gains deductions allowance for the period.
- (11) For the purposes of subsection (9)(b), in the cases listed in the first column of the table below, the rules in the second column apply to determine the order in which deductions allowance amounts are to be treated as claimed in respect of the accounting periods—

<i>Case</i>	<i>Rule</i>
1. There is a claim AP and another claim AP starting on the same day or a different day.	The order in which the claims under this section are made.
2. There is an alternative AP (“AP1”) and another alternative AP (“AP2”) starting on a later day.	AP1 before AP2.
3. There is an alternative AP and another alternative AP starting on the same day.	The order in which the tax returns for the alternative APs are delivered.
4. There is a claim AP and an alternative AP starting on the same day, an earlier day or a later day.	The claim AP before the alternative AP.

Textual Amendments

F78 Ss. 269ZYA, 269ZYB inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 10, 42](#) (with [Sch. 4 paras. 43-46](#))

269ZYB Provisional application of section 269ZYA

- (1) This section applies in relation to a company and an accounting period if—
- the conditions in section 269ZYA(3)(a) and (b) are met in relation to the accounting period, and
 - the company's tax return for the accounting period is delivered before the end of the financial year in which the accounting period falls (“the relevant financial year”).
- (2) The company may make a declaration in the return for the accounting period that—
- at all earlier times in the relevant financial year—
 - the company had no source of chargeable income (see section 269ZYA(2)), and
 - if the company is a member of a group, each other member of the group had no source of chargeable income, and
 - the person intends to make a claim under section 269ZYA(3) in respect of the accounting period.
- (3) Until the declaration ceases to have effect, section 269ZYA has effect as if the company had made a claim under that section.
- (4) The declaration ceases to have effect if—
- it is withdrawn,

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (b) it is superseded by a claim made under section 269ZYA, or
 - (c) the company or, if the company is a member of a group, another member of the group, acquires a source of chargeable income before the end of the relevant financial year.
- (5) So far as not previously ceasing to have effect under subsection (4), the declaration ceases to have effect two years after the end of the accounting period in respect of which it is made.
- (6) If the declaration ceases to have effect, all necessary adjustments must be made, by assessment, amendment of returns or otherwise.
- (7) Subsection (6) applies despite any limitation on the time within which assessments or amendments may be made.]

Textual Amendments

F78 Ss. 269ZYA, 269ZYB inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by Finance Act 2020 (c. 14), Sch. 4 paras. 10, 42 (with Sch. 4 paras. 43-46)

269ZZ Company tax return to specify amount of deductions allowance

- (1) A company's tax return for an accounting period must specify—
- (a) the amount of the company's deductions allowance for the period,
 - [if section 269ZWA (increase of deductions allowance for insolvent companies) applies, what that amount would be without the increase provided for by subsection (2) of that section,] and
 - (b) if section 269ZX (increase of deductions allowance [F80 in connection with onerous or impaired leases]) applies, what that amount would be without the increase provided for by subsection (3) of that section.
- (2) But subsection (1) applies only if the company makes for the accounting period a deduction to which section 269ZB(2), [F81 269ZBA(2),] 269ZC(2)[F82, 269ZD(2) or 269ZFC(2)] applies.

Textual Amendments

F79 S. 269ZZ(1)(aa) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by Finance Act 2020 (c. 14), Sch. 4 paras. 9, 42 (with Sch. 4 paras. 43-46)

F80 Words in s. 269ZZ(1)(b) substituted (with effect in accordance with s. 30(17)-(19) of the amending Act) by Finance Act 2022 (c. 3), s. 30(15)

F81 Word in s. 269ZZ(2) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by Finance Act 2020 (c. 14), Sch. 4 paras. 34(a), 42 (with Sch. 4 paras. 43-46)

F82 Words in s. 269ZZ(2) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by Finance Act 2020 (c. 14), Sch. 4 paras. 34(b), 42 (with Sch. 4 paras. 43-46)

269ZZA Excessive specifications of deductions allowance

- (1) This section applies if a company's tax return for an accounting period specifies an excessive amount as—
- (a) the company's deductions allowance for the period,

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (b) the company's trading profits deductions allowance for the period,
[the company's chargeable gains deductions allowance for the period,]
 - ^{F83}(ba) (c) the company's [^{F84}non-trading income profits deductions allowance] for the period,
 - (d) the company's contractor's ring fence profits deductions allowance for the period, or
[the company's BLAGAB deductions allowance for the period.]
 - ^{F85}(da)
^{F86}(e)
- (2) The company must, so far as it may do so, amend the company tax return so that the amount specified is not excessive.
- (3) If an officer of Revenue and Customs considers that an undue amount of relief has been given as a consequence of the amount specified being excessive, the officer may make an assessment to tax in the amount which in the officer's opinion ought to be charged.
- (4) If—
- (a) the amount specified became excessive in consequence of an alteration being made to the amount of group deductions allowance allocated to the company for the accounting period concerned, and
 - (b) the company has failed, or is unable, to amend its company tax return in accordance with subsection (2),
- an assessment under subsection (3) is not out of time if it is made within 12 months of the date on which the alteration took place.
- (5) The power in subsection (3) is without prejudice to the power to make a discovery assessment under paragraph 41(1) of Schedule 18 to FA 1998.

Textual Amendments

- F83** S. 269ZZA(1)(ba) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 35\(2\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F84** Words in s. 269ZZA(1)(c) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 35\(3\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F85** S. 269ZZA(1)(da) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 35\(4\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F86** S. 269ZZA(1)(e) omitted (with effect in relation to accounting periods beginning on or after 1.4.2020) by virtue of [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 35\(5\)](#), 42 (with [Sch. 4 paras. 43-46](#))

269ZZB Meaning of “group”

- (1) In this Part “group” means two or more companies which together meet the following condition.
- (2) The condition is that one of the companies is—
 - (a) the ultimate parent of each of the other companies, and
 - (b) is not the ultimate parent of any other company.
- (3) A company (“A”) is the “ultimate parent” of another company (“B”) if—

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

- (a) A is the parent of B, and
 - (b) no company is the parent of both A and B.
- (4) A company (“A”) is the “parent” of another company (“B”) if—
- (a) B is a 75% subsidiary of A,
 - (b) A is beneficially entitled to at least 75% of any profits available for distribution to equity holders of B, or
 - (c) A would be beneficially entitled to at least 75% of any assets of B available for distribution to its equity holders on a winding up.
- (5) The following apply for the purposes of subsection (4)—
- (a) Chapter 6 of Part 5 (equity holders and profits or assets available for distribution) other than sections 169 to 182, and
 - (b) Chapter 3 of Part 24 (subsidiaries).

This is subject to subsections (6) and (7).

- (6) In applying Chapter 3 of Part 24 for the purposes of subsection (4)—
- (a) share capital of a registered society is to be treated as if it were ordinary share capital, and
 - (b) a company (“the shareholder”) that directly owns shares in another company is to be treated as not owning those shares if a profit on their sale would be a trading receipt of the shareholder.
- (7) In applying Chapter 6 of Part 5 (other than sections 169 to 182) and Chapter 3 of Part 24 for the purposes of subsection (4), they are to be read with all modifications necessary to ensure that—
- (a) they apply to a company which does not have share capital, and to holders of corresponding ordinary holdings in such a company, in a way which corresponds to the way they apply to companies with ordinary share capital and holders of ordinary shares in such companies,
 - (b) they apply to a company which is an unincorporated association in a way which corresponds to the way they apply to companies which are bodies corporate,
 - (c) they apply in relation to ownership through an entity (other than a company), or any trust or other arrangement, in a way which corresponds to the way they apply to ownership through a company, and
 - (d) for the purposes of achieving paragraphs (a) to (c), profits or assets are attributed to holders of corresponding ordinary holdings in unincorporated associations, entities, trusts or other arrangements in a manner which corresponds to the way profits or assets are attributed to holders of ordinary shares in a company which is a body corporate.
- (8) In this section “corresponding ordinary holding” in an unincorporated association, entity, trust or other arrangement means a holding or interest which provides the holder with economic rights corresponding to those provided by a holding of ordinary shares in a body corporate]
- [^{F87}(9) For the purposes of the application of this Part in relation to a collective investment vehicle to which paragraph 4 of Schedule 5AAA to TCGA 1992 applies, the reference in paragraph 4(2) of that Schedule to “relevant purposes” is to be treated as including a reference to the purposes of this section.]

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA. (See end of Document for details)

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Textual Amendments

F87 S. 269ZZB(9) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by Finance Act 2020 (c. 14), **Sch. 4 paras. 11, 42** (with Sch. 4 paras. 43-46)

Changes to legislation:

There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 7ZA.