
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005, Paragraph 10. (See end of Document for details)

SCHEDULES

SCHEDULE 7

TONNAGE TAX

PART 1

AMENDMENTS OF SCHEDULE 22 TO FA 2000

Flagging: restrictions where dredger or tug ceases to be qualifying ship under paragraph 22E

10 After paragraph 22E insert—

“Flagging: restrictions where ship ceases to be qualifying ship under paragraph 22E

- 22F (1) This paragraph applies where a qualifying ship operated by a tonnage tax company ceases to be a qualifying ship by virtue of paragraph 22E.
- (2) No notice may be given under section 130 of the Capital Allowances Act 2001 for the postponement of all or part of a relevant allowance to which—
- (a) the company, or
 - (b) if immediately before the date on which the ship so ceases to be a qualifying ship (“the cessation date”) the company is a member of a tonnage tax group, any company that is or becomes a member of the group,
- becomes entitled on or after the cessation date.
- (3) In sub-paragraph (2) “relevant allowance” means an allowance in respect of—
- (a) qualifying expenditure on the provision of the ship, or
 - (b) qualifying expenditure which—
 - (i) is incurred on the provision of the ship, and
 - (ii) is allocated to a single ship pool.
- (4) No claim may be made under section 135 of that Act for deferment of all or part of a balancing charge—
- (a) to which the company or, if immediately before the cessation date the company is a member of a tonnage tax group, any company that is or becomes a member of the group becomes liable, and
 - (b) which arises when there is a disposal event in respect of the ship on or after the cessation date.
- (5) Relief in respect of a relevant loss shall not be given under section 393A(1) of the Taxes Act 1988 (losses: set off against profits of the same, or an earlier, accounting period).

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- (6) Group relief under Chapter 4 of Part 10 of that Act shall not be available in respect of a relevant loss.
- (7) Accordingly, relief in respect of a relevant loss shall be given only under section 393(1) of that Act (losses other than terminal losses).
- (8) In sub-paragraphs (5) to (7) “relevant loss” means a loss which is incurred in respect of the ship on or after the cessation date in the course of a trade carried on by—
 - (a) the company, or
 - (b) if immediately before the cessation date the company is a member of a tonnage tax group, any company that is or becomes a member of the group.”.

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