



Corporation Tax Act 2010

2010 CHAPTER 4

PART 14

CHANGE IN COMPANY OWNERSHIP

CHAPTER 4

COMPANY WITH INVESTMENT BUSINESS: RESTRICTIONS ON RELIEF: ASSET TRANSFERRED WITHIN GROUP

Apportionment of amounts

702 Apportionment of amounts

- (1) This section applies for the purposes of this Chapter, but subsection (2) is subject to subsection (3).
- (2) Any amount for the actual accounting period in column 1 of the following table is to be apportioned to the two notional accounting periods in accordance with the corresponding method of apportionment in column 2 of the table.

<i>Row</i>	<i>1. Amount to be apportioned</i>	<i>2. Method of apportionment</i>
1	The amount which would in accordance with the relevant provisions (and but for this Chapter) be included in respect of chargeable gains or, as the case may be, non-trading chargeable realisation gains in the total profits of the actual accounting period.	(1) If the amount in column 1 does not exceed the amount of the relevant gain, apportion the whole of it to the second notional accounting period. (2) If the amount in column 1 exceeds the amount of the relevant gain, apportion the excess to the first notional accounting period and an amount equal to the relevant gain

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- to the second notional accounting period.
- 2 The amount for the actual accounting period of any adjusted non-trading profits from the company's loan relationships (see section 703(2)). Apportion the amount in column 1 on a time basis according to the respective lengths of the two notional accounting periods.
 - 3 The amount for the actual accounting period of any adjusted non-trading deficit from the company's loan relationships (see section 703(3)). Apportion the amount in column 1 on a time basis according to the respective lengths of the two notional accounting periods.
 - 4 The amount of any non-trading debit that falls to be brought into account for the actual accounting period for the purposes of Part 5 of CTA 2009 (loan relationships) in respect of any debtor relationship of the company. (1) If condition A in section 703(4) is met, apportion the amount in column 1 by reference to the time of accrual of the amount to which the debit relates. (2) If condition B in section 703(5) is met, apportion the amount in column 1 to the first notional accounting period.
 - 5 The amount of any non-trading deficit carried forward to the actual accounting period under section 457(1) [^{F1}, 463G(6) or 463H(4) of CTA 2009.] Apportion the whole of the amount in column 1 to the first notional accounting period.
 - 6 The amount of any non-trading credits or debits in respect of intangible fixed assets that fall to be brought into account for the actual accounting period under section 751 of CTA 2009 (non-trading gains and losses), but excluding any amount within column 1 of row 7. Apportion to each notional accounting period the credits or debits that would fall to be brought into account in that period if it were a period of account for which accounts were drawn up in accordance with generally accepted accounting practice.
 - 7 The amount of any non-trading loss on intangible fixed assets carried forward to the actual accounting period under section 753(3) of CTA 2009 and treated under that section as if it were a non-trading [^{F2}loss on intangible fixed assets for] that period. Apportion the whole of the amount in column 1 to the first notional accounting period.
 - 8 The amount of any expenses of management referable to the actual accounting period within the meaning of Chapter 2 of Part 16 of CTA 2009 (companies with investment business) (but see section 703(6)). Apportion to each notional accounting period the amounts that would fall to be brought into account in that period as an amount in column 1 if it were a period of account for which accounts were drawn up in accordance with generally accepted accounting practice.

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| 9 | The amount of any excess carried forward under section 1223 of CTA 2009 (expenses of management carried forward) to the actual accounting period. | Apportion the whole of the amount in column 1 to the first notional accounting period. |
| 10 | The amount of any allowances falling to be made for the actual accounting period as a result of section 253 of CAA 2001 which would (but for this Chapter) be added to the expenses of management for the period because of section 1233 of CTA 2009 (excess capital allowances). | Apportion the amount in column 1 on a time basis according to the respective lengths of the two notional accounting periods. |
| 11 | Any other amounts by reference to which the profits or losses of the actual accounting period would (but for this Chapter) be calculated. | Apportion the amount in column 1 on a time basis according to the respective lengths of the two notional accounting periods. |

(3) If any method of apportionment in column 2 of rows 2 to 11 of the table in subsection (2) would work unjustly or unreasonably in any case, such other method is to be used as is just and reasonable.

(4) For the meaning of certain expressions used in this section, see section 703.

Textual Amendments

- F1** Words in s. 702(2) Table substituted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by Finance (No. 2) Act 2017 (c. 32), Sch. 4 para. 86(2) (with Sch. 4 para. 86(4))
- F2** Words in s. 702(2) Table substituted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by Finance (No. 2) Act 2017 (c. 32), Sch. 4 para. 86(3) (with Sch. 4 para. 86(4))

703 Meaning of certain expressions in section 702

- (1) This section applies for the purposes of the table in section 702(2).
- (2) For the purposes of column 1 of row 2 of the table, the amount for the actual accounting period of any adjusted non-trading profits from the company's loan relationships is the amount which would be the amount of the profits from those relationships chargeable under section 299 of CTA 2009 (charge to tax on non-trading profits) if, in calculating that amount, amounts for that period within column 1 of row 4 or 5 of the table were disregarded.
- (3) For the purposes of column 1 of row 3 of the table, the amount for the actual accounting period of any adjusted non-trading deficit from the company's loan relationships is the amount which would be the amount of the non-trading deficit from those relationships if, in calculating that amount, amounts for that period within column 1 of row 4 or 5 of the table were disregarded.
- (4) Condition A is that—
- (a) the amount in column 1 of row 4 of the table is determined on an amortised cost basis of accounting, and
 - (b) none of the following provisions applies—

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- (i) section 373 of CTA 2009 (late interest treated as not accruing until paid in some cases),
 - (ii) section 407 of that Act (postponement until redemption of debits for connected companies' deeply discounted securities), or
 - (iii) section 409 of that Act (postponement until redemption of debits for close companies' deeply discounted securities).
- (5) Condition B is that—
- (a) the amount in column 1 of row 4 of the table is determined on an amortised cost basis of accounting, and
 - (b) any of the provisions mentioned in subsection (4)(b) applies.
- (6) The expenses of management mentioned in column 1 of row 8 of the table do not include any expenses for which a deduction under section 1219 of CTA 2009 (expenses of management of a company's investment business) would be disallowed because of subsection (3)(b) of that section.

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