



Corporation Tax Act 2010

2010 CHAPTER 4

[^{F1}PART 14A

TRANSFER OF DEDUCTIONS

Textual Amendments

- F1** Pt. 14A inserted (with effect in accordance with Sch. 14 para. 3 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 14 para. 1](#)

730A Overview

- (1) This Part makes provision restricting the circumstances in which deductible amounts may be brought into account where there has been a qualifying change in relation to a company.
- (2) For the meaning of “deductible amount” and “qualifying change” see section 730B.

730B Interpretation of Part

- (1) In this Part—
 - “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable),
 - “deductible amount” means—
 - (a) an expense of a trade,
 - (b) an expense of a UK property business or an overseas property business,
 - (c) an expense of management of a company's investment business within the meaning of section 1219 of CTA 2009,
 - (d) a non-trading debit within the meaning of Parts 5 and 6 of CTA 2009 (loan relationships and derivative contracts) (see section 301(2) of that Act), or

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(e) a non-trading debit within the meaning of Part 8 of CTA 2009 (intangible fixed assets) (see section 746 of that Act),

but does not include any amount that has been taken into account in determining RTWDV within the meaning of Chapter 16A of Part 2 of CAA 2001 (restrictions on allowance buying) (see section 212K of that Act),

[^{F2}other than an amount treated as such an expense by section 450(a) of CAA 2001 (research and development allowances treated as expenses in calculating profits of a trade),]

“C” means the company mentioned in section 730A(1),

“qualifying change”, in relation to a company, has the same meaning as in that Chapter, and

“the relevant day” means the day on which the qualifying change in relation to C occurred.

(2) In this Part, references to bringing an amount into account “as a deduction” in any period are to bringing it into account as a deduction in that period—

- (a) in calculating profits, losses or other amounts for corporation tax purposes, or
- (b) from profits or other amounts chargeable to corporation tax.

Textual Amendments

F2 Words in s. 730B(1) inserted (with effect in accordance with s. 38(2) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 38\(1\)](#)

730C Disallowance of deductible amounts: relevant claims

(1) This section applies where a relevant claim is made for an accounting period ending on or after the relevant day.

(2) “Relevant claim” means a claim by C, or a company connected with C, under—

(a) section 37 (relief for trade losses against total profits), ^{F3}...

^{F4}(aa)

(b) Chapter 4 of Part 5 (group relief) [^{F5}, or

(c) Chapter 3 of Part 5A (group relief for carried-forward losses).]

(3) [^{F6}In the case of a relevant claim within subsection (2)(a) or (b), a deductible amount that meets conditions A and B (a “restricted deductible amount”)] may not be the subject of, or brought into account as a deduction in, the claim.

[A relevant claim within subsection (2)(c) may not be made in respect of a loss or ^{F7}(3A) other amount which has been carried forward under any provision mentioned in [^{F8}paragraph (a) or (b)] of section 188BB(1), so far as that amount is made up of an amount which was (in a previous accounting period) a restricted deductible amount.]

(4) But [^{F9}subsections (3) and (3A) do] not exclude any amount which could have been the subject of, or brought into account as a deduction in, [^{F10}or as a result of, the claim concerned] in the absence of the qualifying change.

(5) Condition A is that, on the relevant day, it is highly likely that the amount, or any part of it, would (disregarding this Part) be the subject of, or brought into account as a

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deduction in, a relevant claim for an accounting period ending on or after the relevant day.

- (6) Any question as to what is “highly likely” on the relevant day for the purposes of subsection (5) is to be determined having regard to—
- (a) any arrangements made on or before that day, and
 - (b) any events that take place on or before that day.
- (7) Condition B is that the main purpose, or one of the main purposes, of change arrangements is for the amount (whether or not together with other deductible amounts) to be the subject of, or brought into account as a deduction in, a relevant claim for an accounting period ending on or after the relevant day.

[For the purposes of determining how much of an amount carried forward as mentioned ^{F11}(7A) in subsection (3A) is made up of an amount which was (in a previous accounting period) a restricted deductible amount, assume that in previous accounting periods amounts have been brought into account as deductions (see section 730B(2)) in the order that results in the greatest amount being excluded by subsection (3A).]

- (8) “Change arrangements” means any arrangements made to bring about, or otherwise connected with, the qualifying change.
- (9) This section does not apply to a deductible amount if, and to the extent that—
- (a) section 730D(2) applies to it, or
 - (b) for the purposes of section 432, a loss, or any part of a loss, to which section 433(2) applies derives from it.

Textual Amendments

- F3** Word in s. 730C(2)(a) omitted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by virtue of [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 paras. 92\(2\)\(a\), 172\(a\)](#) (with [Sch. 4 para. 92\(7\)](#))
- F4** [S. 730C\(2\)\(aa\)](#) 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. 31\(1\)\(a\)](#)
- F5** [S. 730C\(2\)\(c\)](#) and word inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 paras. 92\(2\)\(b\), 172\(c\)](#) (with [Sch. 4 para. 92\(7\)](#))
- F6** Words in s. 730C(3) 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. 92\(3\)](#) (with [Sch. 4 para. 92\(7\)](#))
- F7** [S. 730C\(3A\)](#) 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. 92\(4\)](#) (with [Sch. 4 para. 92\(7\)](#))
- F8** Words in s. 730C(3A) substituted (with effect in accordance with Sch. 10 para. 32 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 10 para. 31\(1\)\(b\)](#)
- F9** Words in s. 730C(4) 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. 92\(5\)\(a\)](#) (with [Sch. 4 para. 92\(7\)](#))
- F10** Words in s. 730C(4) 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. 92\(5\)\(b\)](#) (with [Sch. 4 para. 92\(7\)](#))
- F11** [S. 730C\(7A\)](#) 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. 92\(6\)](#) (with [Sch. 4 para. 92\(7\)](#))

730D Disallowance of deductible amounts: profit transfers

- (1) This section applies where arrangements (“the profit transfer arrangements”) are made which result in—
- (a) an increase in the total profits of C, or of a company connected with C, or

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- (b) a reduction of any loss or other amount for which relief from corporation tax could (disregarding this section) have been given to C or a company connected with C,
in any accounting period ending on or after the relevant day.
- (2) A deductible amount that meets conditions D and E may not be brought into account by C, nor any company connected with C, as a deduction in any accounting period ending on or after the relevant day.
- (3) Condition D is that, on the relevant day, it is highly likely that the amount, or any part of it, would (disregarding this Part) be brought into account by C, or any company connected with C, as a deduction in any accounting period ending on or after the relevant day.
- (4) Any question as to what is “highly likely” on the relevant day for the purposes of subsection (3) is to be determined having regard to—
 - (a) any arrangements made on or before that day, and
 - (b) any events that take place on or before that day.
- (5) Condition E is that the main purpose, or one of the main purposes, of the profit transfer arrangements is to bring the amount (whether or not together with other deductible amounts) into account as a deduction in any accounting period ending on or after the relevant day.
- (6) Subsection (7) applies if—
 - (a) (disregarding subsection (7)) subsection (2) would prevent a deductible amount being brought into account by a company as a deduction in any accounting period ending on or after the relevant day, and
 - (b) in the absence of the profit transfer arrangements and disregarding any deductible amounts, the company would have an amount of total profits for that accounting period.
- (7) Subsection (2) applies only in relation to such proportion of the deductible amount mentioned in subsection (6)(a) as is just and reasonable.]

Changes to legislation:

There are currently no known outstanding effects for the Corporation Tax Act 2010, PART 14A.