



Corporation Tax Act 2010

2010 CHAPTER 4

PART 22

MISCELLANEOUS PROVISIONS

CHAPTER 3

TRANSFER OF RELIEF WITHIN PARTNERSHIPS

958 Application

Section 960 (which provides for restrictions on the use of corporation tax relief) applies if—

- (a) a firm carries on a trade,
- (b) a company (referred to in this Chapter as “the partner company”) is a partner in the firm, and
- (c) arrangements within section 959 are in place.

959 Arrangements for transfer of relief

(1) Arrangements are within this section if they have any of these effects.

Effect 1

The partner company receives a payment in respect of the cost of its share in the firm’s losses of any accounting period of the firm.

Effect 2

A person connected with the partner company receives a payment in respect of the cost of the partner company’s share in the firm’s losses of any accounting period of the firm.

Effect 3

Status: This is the original version (as it was originally enacted).

Another partner in the firm receives a payment in respect of the value of the partner company's share in the firm's profits or losses of any accounting period of the firm.

Effect 4

A person connected with another partner in the firm receives a payment in respect of the value of the partner company's share in the firm's profits or losses of any accounting period of the firm.

- (2) It does not matter for the purposes of subsection (1) whether the payment is received in respect of the whole of the partner company's share or in respect of only a part of it.
- (3) For the purposes of subsection (1) receiving a payment includes receiving or enjoying (whether directly or indirectly) any other benefit in money or money's worth.
- (4) For the purposes of Effect 1 arrangements, payments made in respect of group relief to the partner company by a group-related company are to be ignored.
- (5) In subsection (4) a "group-related" company is a company that is a member of the same group of companies as the partner company for the purposes of Part 5 (group relief) (see section 152).

960 Restrictions on use of reliefs

- (1) The partner company's share in the firm's loss of a relevant accounting period may be deducted for the purposes of corporation tax relief only from its share in the profits of the trade carried on by the firm.
- (2) For this purpose, qualifying charitable donations made by the firm in a relevant accounting period are to be treated as a loss of that period.
- (3) Unless allowed under subsection (1)—
 - (a) a loss made in a trade may not be deducted for the purposes of corporation tax relief from the partner company's share in the firm's profits of a relevant accounting period, and
 - (b) if (ignoring this paragraph) any other amount could be used for the purposes of corporation tax relief, that amount may not be deducted for those purposes from the partner company's share in the firm's profits of a relevant accounting period.
- (4) In this section a "relevant accounting period" is any accounting period of the firm in which arrangements within section 959 are in existence or to which any such arrangements apply.

961 Non-trading profits and losses

- (1) This section applies if—
 - (a) a company is a partner in a firm, and
 - (b) any profits of the firm are charged to corporation tax under or by virtue of any provision to which section 1173 (miscellaneous charges) applies.
- (2) The profits or losses of the firm to which the company's share is attributable are to be treated for the purposes of sections 958 to 960 as if they were profits or losses made by the firm in carrying on a trade.

Status: This is the original version (as it was originally enacted).

- (3) Any allowance to be given effect under Part 2 of CAA 2001 in respect of a special leasing of plant or machinery is to be treated for those purposes as if it were an allowance to be given effect in calculating the profits of that trade.

962 Interpretation of Chapter

- (1) In this Chapter “arrangements” means arrangements of any kind (whether or not in writing).
- (2) References in this Chapter to a firm, and to an accounting period of a firm, are to be read in the same way as references to a firm, and to an accounting period of a firm, in Part 17 of CTA 2009.