



Corporation Tax Act 2010

2010 CHAPTER 4

PART 5

GROUP RELIEF

CHAPTER 4

CLAIMS FOR GROUP RELIEF

Limitations on group relief if claim based on consortium condition 1, 2 or 3

143 Condition 1: surrendering company owned by consortium

- (1) This section applies if—
 - (a) the claimant company makes a claim for group relief based on consortium condition 1, and
 - (b) it is the surrendering company that is owned by the consortium.
- (2) The group relief to be given on the claim is limited to the ownership proportion of the surrenderable amount for the overlapping period (see section 139(2) to determine the surrenderable amount for the overlapping period).
- (3) The ownership proportion is the same as the lowest of the following proportions—
 - (a) the proportion of the ordinary share capital of the surrendering company that is beneficially owned by the claimant company,
 - (b) the proportion of any profits available for distribution to equity holders of the surrendering company to which the claimant company is beneficially entitled (see Chapter 6), and
 - (c) the proportion of any assets of the surrendering company available for distribution to such equity holders on a winding up to which the claimant company would be beneficially entitled (see Chapter 6).
- (4) For the purposes of subsection (3)—

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- (a) the proportions mentioned in paragraphs (a) to (c) of that subsection are those prevailing during the overlapping period, and
 - (b) if any of those proportions changes during that period, use the average of that proportion during that period.
- (5) If the surrendering company is owned by the consortium as a result of section 153(3) (consortiums involving holding companies), references in subsection (3) to the surrendering company are to be read as references to the holding company in question.
- (6) In this section “the overlapping period” is to be read in accordance with section 142.

144 Condition 1: claimant company owned by consortium

- (1) This section applies if—
- (a) the claimant company makes a claim for group relief based on consortium condition 1, and
 - (b) it is the claimant company that is owned by the consortium.
- (2) The group relief to be given on the claim is limited to the ownership proportion of the claimant company's total profits of the overlapping period (see section 140(2) to determine the total profits of the overlapping period).
- (3) The ownership proportion is the same as the lowest of the following proportions—
- (a) the proportion of the ordinary share capital of the claimant company that is beneficially owned by the surrendering company,
 - (b) the proportion of any profits available for distribution to equity holders of the claimant company to which the surrendering company is beneficially entitled (see Chapter 6), and
 - (c) the proportion of any assets of the claimant company available for distribution to such equity holders on a winding up to which the surrendering company would be beneficially entitled (see Chapter 6).
- (4) For the purposes of subsection (3)—
- (a) the proportions mentioned in paragraphs (a) to (c) of that subsection are those prevailing during the overlapping period, and
 - (b) if any of those proportions changes during that period, use the average of that proportion during that period.
- (5) If the claimant company is owned by the consortium as a result of section 153(3) (consortiums involving holding companies), references in subsection (3) to the claimant company are to be read as references to the holding company in question.
- (6) In this section “the overlapping period” is to be read in accordance with section 142.

145 Conditions 2 and 3: limitations in sections 143 and 144

- (1) This section applies if the claimant company makes a claim for group relief based on consortium condition 2 or consortium condition 3.
- (2) If the claim is based on consortium condition 2, the limitation on group relief in section 143(2) applies in relation to the claim, but for this purpose references in section 143(3) to the claimant company are to be read as references to the link company.

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- (3) If the claim is based on consortium condition 3, the limitation on group relief in section 144(2) applies in relation to the claim, but for this purpose references in section 144(3) to the surrendering company are to be read as references to the link company.

146 Conditions 2 and 3: companies in link company's group

- (1) If the claimant company makes a claim for group relief based on consortium condition 2, the amount of group relief to be given on the claim is limited by subsections (2) and (3).
- (2) There is a limit on the amount of group relief that can be given, in total, on consortium claims made by the link company and group companies in relation to the surrendering company's surrenderable amounts for the surrender period.
- (3) That limit is the maximum amount of group relief that could be given to the link company in relation to those amounts on consortium claims—
- (a) assuming that no consortium claims in relation to those amounts were made by group companies based on consortium condition 2, and
 - (b) ignoring any lack of profits of the link company from which deductions could be made as mentioned in section 137(1).
- (4) If the claimant company makes a claim for group relief based on consortium condition 3, the amount of group relief to be given on the claim is limited by subsections (5) to (7).
- (5) There is a limit on the amount of group relief that can be given, in total, to the claimant company for the claim period on consortium claims made in relation to losses and other amounts surrendered by the link company and group companies.
- (6) That limit is the same as the limit that, as a result of section 144(2), would apply for the purposes of a consortium claim made by the claimant company for the claim period in relation to losses or other amounts surrendered by the link company.
- (7) In determining the limit that would apply as a result of section 144(2) it is to be assumed that the accounting period of the link company is the same as the accounting period of the claimant company.
- (8) In this section—
- “consortium claim” means a claim for group relief based on consortium condition 1, consortium condition 2 or consortium condition 3, and
 - “group company”, for the purpose of determining in accordance with this section a limitation on the amount of group relief to be given on a claim based on consortium condition 2 or consortium condition 3, means a company that is a member of the same group of companies as the link company (other than the link company itself).

147 Conditions 1 and 2: surrenderable amounts including trading loss

- (1) This section applies if—
- (a) the claimant company makes a claim for group relief based on consortium condition 1,
 - (b) it is the surrendering company that is owned by the consortium,

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- (c) the surrendering company's surrenderable amounts for the surrender period include a loss within section 99(1)(a), and
 - (d) the surrendering company has profits (of any description) of that period from which the loss could be deducted under section 37.
- (2) This section also applies if—
- (a) the claimant company makes a claim for group relief based on consortium condition 2,
 - (b) the surrendering company's surrenderable amounts for the surrender period include a loss within section 99(1)(a), and
 - (c) the surrendering company has profits (of any description) of that period from which the loss could be deducted under section 37.
- (3) The amount of group relief to be given on the claim is to be determined on the assumption that—
- (a) the surrendering company makes a claim under section 37 in relation to the loss mentioned in subsection (1)(c) or (2)(b), and
 - (b) relief under that section is to be given in relation to the loss before the group relief is given.
- (4) If section 148 also applies in relation to the claim for group relief, in giving effect to subsection (3) of this section the surrenderable amounts for the purposes of subsections (3) and (4) of that section are to be reduced by the amount of relief to be given on the surrendering company's claim as mentioned in subsection (3)(b) of this section.

148 Conditions 1 and 2: surrendering company in group of companies

- (1) This section applies if—
- (a) the claimant company makes a claim for group relief based on consortium condition 1,
 - (b) it is the surrendering company that is owned by the consortium, and
 - (c) the surrendering company is also a member of a group of companies.
- (2) This section also applies if—
- (a) the claimant company makes a claim for group relief based on consortium condition 2, and
 - (b) the surrendering company is a member of a group of companies.
- (3) No group relief is to be given on the claim (“the current claim”) unless the surrendering company's surrenderable amounts for the surrender period exceed the group's potential relief.
- (4) If the surrenderable amounts exceed the group's potential relief, the group relief to be given on the current claim is limited to the amount of the excess.
- (5) The group's potential relief is the maximum amount of group relief that could be given if every claim that could be made based on the group condition in respect of the surrenderable amounts was in fact made (and for this purpose it is to be assumed that the maximum possible claim is made in each case).
- (6) Before determining the maximum amount of potential group relief under subsection (5), take account of any claim made before the current claim that—
- (a) is a claim for group relief based on the group condition, and

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- (b) is in relation to losses or other amounts surrendered by a member of the same group of companies as the surrendering company (other than the surrendering company itself).

149 Conditions 1 and 3: claimant company in group of companies

- (1) This section applies if—
 - (a) the claimant company makes a claim for group relief based on consortium condition 1,
 - (b) it is the claimant company that is owned by the consortium, and
 - (c) the claimant company is also a member of a group of companies.
- (2) This section also applies if—
 - (a) the claimant company makes a claim for group relief based on consortium condition 3, and
 - (b) the claimant company is a member of a group of companies.
- (3) No group relief is to be given on the claim (“the current claim”) unless the claimant company's total profits of the claim period exceed the group's potential relief.
- (4) If those total profits exceed the group's potential relief, the group relief to be given on the current claim is limited to the amount of the excess.
- (5) The group's potential relief is the maximum amount of group relief that could be claimed by the claimant company for the claim period on claims based on the group condition.
- (6) Before determining the maximum amount of potential group relief under subsection (5), take account of any claim made before the current claim that—
 - (a) is a claim for group relief based on the group condition made by another member of the same group of companies as the claimant company, and
 - (b) is in relation to losses or other amounts surrendered by a company that is also a member of that group.

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