



Corporation Tax Act 2010

2010 CHAPTER 4

[^{F1}PART 14B

TAX AVOIDANCE INVOLVING CARRIED-FORWARD LOSSES

[^{F1}730G Disallowance of deductions for relevant carried-forward losses

- (1) This section applies if conditions A to E are met.
- (2) Condition A is that—
 - (a) for the purposes of corporation tax a company has profits (“relevant profits”) for an accounting period,
 - (b) the relevant profits arise to the company as a result of any arrangements (“the tax arrangements”), and
 - (c) in the absence of this section the company (“the relevant company”) would, for corporation tax purposes, be entitled to deduct from the relevant profits for the period an amount in respect of any relevant carried-forward losses.
- (3) Condition B is that—
 - (a) the relevant company, or a company connected with that company, brings a deductible amount into account as a deduction for an accounting period, and
 - (b) it is reasonable to assume that neither the company, nor any company connected with it, would have brought that amount into account as a deduction for that period but for the tax arrangements.
- (4) Condition C is that the main purpose, or one of the main purposes, of the tax arrangements is to secure a relevant corporation tax advantage [^{F2}or a relevant CFC charge advantage]—
 - (a) for the relevant company, or
 - (b) if there are any companies connected with that company, for the relevant company and those connected companies (taken together).
- (5) In this section “relevant corporation tax advantage” means a corporation tax advantage involving—

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- (a) the deductible amount mentioned in subsection (3), and
- (b) the deduction of any relevant carried-forward losses from the relevant profits.

[In this section “relevant CFC charge advantage” means a CFC charge advantage ^{F3}(5A) involving the deductible amount mentioned in subsection (3).]

- (6) Condition D is that, at the time when the tax arrangements were entered into, it would have been reasonable to assume that the tax value of the tax arrangements would be greater than the non-tax value of the tax arrangements.
- (7) The “tax value” of the tax arrangements is the total value of—
 - (a) [^{F4}any] relevant corporation tax advantage, ^{F5}...
 [any relevant CFC charge advantage, and]
^{F6}(aa)
 - (b) any other economic benefits derived by—
 - (i) the relevant company, or
 - (ii) if there are any companies connected with that company, the relevant company and those connected companies (taken together),
 as a result of securing the relevant corporation tax advantage [^{F7}or the relevant CFC charge advantage].
- (8) The “non-tax value” of the tax arrangements is the total value of any economic benefits, other than those falling within subsection (7)(a)[^{F8}, (aa)] or (b), derived by—
 - (a) the relevant company, or
 - (b) if there are any companies connected with that company, the relevant company and those connected companies (taken together),
 as a result of the tax arrangements.
- (9) Condition E is that the tax arrangements are not arrangements in relation to which section 269CK (banking companies: profits arising from tax arrangements to be disregarded) applies.
- (10) If this section applies, the relevant company is not entitled to deduct from the relevant profits any amount in respect of the relevant carried-forward losses.]

Textual Amendments

- F1** Pt. 14B inserted (with effect and application in accordance with Sch. 3 Pt. 2 of the amending Act) by [Finance Act 2015 \(c. 11\), Sch. 3 para. 1](#)
- F2** Words in s. 730G(4) inserted (18.11.2015) (with effect in accordance with s. 37(7)(8) of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 37\(2\)](#)
- F3** S. 730G(5A) inserted (18.11.2015) (with effect in accordance with s. 37(7)(8) of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 37\(3\)](#)
- F4** Word in s. 730G(7)(a) substituted (18.11.2015) (with effect in accordance with s. 37(7)(8) of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 37\(4\)\(a\)\(i\)](#)
- F5** Word in s. 730G(7)(a) omitted (18.11.2015) (with effect in accordance with s. 37(7)(8) of the amending Act) by virtue of [Finance \(No. 2\) Act 2015 \(c. 33\), s. 37\(4\)\(a\)\(ii\)](#)
- F6** S. 730G(7)(aa) inserted (18.11.2015) (with effect in accordance with s. 37(7)(8) of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 37\(4\)\(b\)](#)
- F7** Words in s. 730G(7)(b) inserted (18.11.2015) (with effect in accordance with s. 37(7)(8) of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 37\(4\)\(c\)](#)

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F8 Word in s. 730G(8) inserted (18.11.2015) (with effect in accordance with s. 37(7)(8) of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\)](#), [s. 37\(5\)](#)

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