

TAXATION (INTERNATIONAL AND OTHER PROVISIONS) ACT 2010

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 7: Tax treatment of financing costs and income

Chapter 5: Intra-group financing income where payer denied deduction

Overview

580. **Chapter 5** allows intra-group financing income received from a company resident in the EEA, excluding the United Kingdom, to be exempt from corporation tax. To the extent that tax relief is not available for finance costs within the EEA other than the United Kingdom, the income is not brought into account for the purposes of corporation tax in the hands of the recipient.

Section 299: Tax exemption for certain financing income received from EEA companies

581. This section gives an exemption for an amount of financing income received from a group company that is resident in the EEA, excluding the United Kingdom. Exemption is subject to meeting all of conditions A to C, which are explained in subsequent sections. The section is based on paragraph 40 of Schedule 15 to FA 2009.

Section 300: Meaning of “relevant associate”

582. This section defines “relevant associate” for the purposes of the Chapter. It is based on paragraph 41 of Schedule 15 to FA 2009.

Section 301: Meaning of “tax-resident” and “EEA territory”

583. This section defines “tax resident” and “EEA territory” for the purposes of this Chapter. It is based on paragraph 42 of Schedule 15 to FA 2009.

Section 302: Qualifying EEA tax relief for payment in current or previous period

584. This section defines the requirement set out in the first of the two elements of condition C of section 299. It is based on paragraph 43 of Schedule 15 to FA 2009.

Section 303: Qualifying EEA tax relief for payment in future period

585. This section defines the second requirement of condition C in section 299. It is similar to the first requirement described in the previous section except that it refers to future periods. The section is based on paragraph 44 of Schedule 15 to FA 2009.

*These notes refer to the Taxation (International and Other Provisions)
Act 2010 (c.8) which received Royal Assent on 18 March 2010*

Section 304: References to tax of a territory

586. This section defines the term “tax” for the purposes of this Chapter. It is based on paragraph 45 of Schedule 15 to FA 2009.

Section 305: Financing income amounts of a company

587. This section defines the term “financing income amount”, which is the term used in section 299 to describe the amount that is exempt in the hands of a company. It is based on paragraph 46 of Schedule 15 to FA 2009.