



Taxation (International and Other Provisions) Act 2010

2010 CHAPTER 8

PART 7

TAX TREATMENT OF FINANCING COSTS AND INCOME

CHAPTER 8

“TESTED EXPENSE AMOUNT” AND “TESTED INCOME AMOUNT”

329 The tested expense amount

- (1) References in this Part to the “tested expense amount” for a period of account of the worldwide group are to the sum of the net financing deductions of each relevant group company.
- (2) References in this Part to the “net financing deduction” of a company for a period of account of the worldwide group are to—
 - (a) the sum of the company’s financing expense amounts for the period (see section 313), less
 - (b) the sum of the company’s financing income amounts for the period (see section 314).
- (3) References in subsection (2) to a company’s financing expense amounts or financing income amounts for a period of account of the worldwide group do not include any amount that arises as a result of a transaction that takes place at a time at which the company is not a relevant group company.
- (4) If the amount determined in accordance with subsection (2) is negative, the net financing deduction of the company for the period is nil.
- (5) If the amount determined in accordance with subsection (2) is small (see section 331), the net financing deduction of the company for the period is nil.

330 The tested income amount

- (1) References in this Part to the “tested income amount” for a period of account of the worldwide group are to the sum of the net financing incomes of each UK group company.
- (2) The reference in subsection (1) to the “net financing income” of a company for a period of account of the worldwide group is to—
 - (a) the sum of the company’s financing income amounts for the period (see section 314), less
 - (b) the sum of the company’s financing expense amounts for the period (see section 313).
- (3) References in subsection (2) to a company’s financing expense amounts or financing income amounts for a period of account of the worldwide group do not include any amount that arises as a result of a transaction that takes place at a time at which the company is not a UK group company.
- (4) If the amount determined in accordance with subsection (2) is negative, the net financing income of the company for the period is nil.
- (5) If the amount determined in accordance with subsection (2) is small (see section 331), the net financing income of the company for the period is nil.

331 Companies with net financing deduction or net financing income that is small

- (1) An amount determined in accordance with section 329(2) or 330(2) is “small” if it is less than £500,000.
- (2) The Treasury may by order amend subsection (1) by substituting a higher or lower amount for the amount for the time being specified there.
- (3) An order under subsection (2) may only be made if a draft of the statutory instrument containing the order has been laid before and approved by a resolution of the House of Commons.
- (4) An order under subsection (2) may only have effect in relation to periods of account of the worldwide group beginning after the date on which the order is made.