



# Taxation (International and Other Provisions) Act 2010

## 2010 CHAPTER 8

### PART 7

#### TAX TREATMENT OF FINANCING COSTS AND INCOME

### CHAPTER 9

#### “AVAILABLE AMOUNT”

#### 332 The available amount

- (1) References in this Part to the “available amount” for a period of account of the worldwide group are to the sum of the amounts disclosed in the financial statements of the group for that period in respect of—
  - (a) interest payable on amounts borrowed,
  - (b) amortisation of discounts relating to amounts borrowed,
  - (c) amortisation of premiums relating to amounts borrowed,
  - (d) amortisation of ancillary costs relating to amounts borrowed,
  - (e) the financing cost implicit in payments made under finance leases,
  - (f) the financing cost relating to debt factoring, or
  - (g) matters of such other description as may be specified in regulations made by the Commissioners.
- (2) An amount that falls within any of paragraphs (a) to (g) of subsection (1) is to be disregarded for the purposes of that subsection to the extent that—
  - (a) the amount represents a dividend payable in respect of preference shares, and
  - (b) those shares are recognised as a liability in the financial statements of the group for the period.

**333 Group members with income from oil extraction subject to particular tax treatment in UK**

- (1) In calculating the available amount, an amount disclosed in the financial statements of the worldwide group (“the external finance amount”) must be disregarded if conditions A and B are met.
- (2) Condition A is that a member of the worldwide group is treated in a relevant accounting period as carrying on a ring fence trade (see section 277 of CTA 2010).
- (3) Condition B is that the external finance amount falls to be brought into account for the purposes of corporation tax in calculating the profits of that trade for that accounting period.
- (4) In this section “relevant accounting period”, in relation to a member of the worldwide group, means an accounting period of the member that falls wholly or partly within the period of account of the worldwide group.

**334 Group members with income from shipping subject to particular tax treatment in UK**

- (1) In calculating the available amount, an amount disclosed in the financial statements of the worldwide group (“the external finance amount”) must be disregarded if conditions A and B are met.
- (2) Condition A is that a member of the worldwide group is, for a relevant accounting period, a tonnage tax company for the purposes of Schedule 22 to FA 2000.
- (3) Condition B is that the external finance amount—
  - (a) is taken into account in computing relevant shipping profits of that company for that accounting period, or
  - (b) comprises deductible finance costs outside the ring fence, to the extent that they are adjusted under paragraph 61 or 62 of Schedule 22 to FA 2000.
- (4) In this section—

“relevant accounting period”, in relation to a member of the worldwide group, means an accounting period of the member that falls wholly or partly within the period of account of the worldwide group, and

“relevant shipping profits” has the same meaning as in Schedule 22 to FA 2000 (see Part 6 of that Schedule).

**335 Group members with income from property rental subject to particular tax treatment in UK**

- (1) In calculating the available amount, an amount disclosed in the financial statements of the worldwide group (“the external finance amount”) must be disregarded if conditions A and B are met.
- (2) Condition A is that a member of the worldwide group is treated in a relevant accounting period as carrying on a separate business under section 541 of CTA 2010 (ring-fencing of property rental business).
- (3) Condition B is that the external finance amount falls to be brought into account in calculating the profits arising from that business in that accounting period.

- (4) In this section “relevant accounting period”, in relation to a member of the worldwide group, means an accounting period of the member that falls wholly or partly within the period of account of the worldwide group.

**336 Meaning of accounting expressions used in this Chapter**

Subject to any provision to the contrary, expressions used in this Chapter have the meaning for the time being given by international accounting standards.