
Changes to legislation: There are currently no known outstanding effects for the Corporation Tax (Northern Ireland) Act 2015, Paragraph 7. (See end of Document for details)

SCHEDULES

SCHEDULE 1

CAPITAL ALLOWANCES

PART 3

AMENDMENTS OF PART 2 OF CAA 2001: PLANT AND MACHINERY ALLOWANCES

7 After section 66A insert—

*“Effect of changes in Northern Ireland
status of SME company or SME partnership*

66B SME company entering NI corporation tax regime

- (1) This section applies if—
 - (a) in a chargeable period beginning after the commencement day (“the relevant period”) a company is a Northern Ireland SME company,
 - (b) the company was neither a Northern Ireland SME company nor a NIRE company in the previous chargeable period, and
 - (c) the company has not become a Northern Ireland SME company in the relevant period as a result of an election under section 357KB(2) of CTA 2010 (back-office activities of financial trades).
- (2) The fact that assets which continue to be used in the relevant period for the purposes of the trade actually carried on by the company are as a result of section 15(2ZA) treated as ceasing to be used for the purposes of a main rate activity and beginning to be used for the purposes of an NI rate activity does not give rise to a disposal event within 61(1)(e) or (f).
- (3) If during the relevant period the only qualifying activity carried on by the company is an NI rate activity, the amount of any unrelieved qualifying expenditure in any main pool or special rate pool falling to be carried forward to the relevant period is to be treated as relating to plant and machinery used for the purposes of the NI rate activity.
- (4) If during the relevant period the company carries on both an NI rate activity and a main rate activity—
 - (a) the amount of any unrelieved qualifying expenditure in any main pool falling to be carried forward under section 59 to the relevant period is to be apportioned on a just and reasonable basis to become—
 - (i) a main pool that is to be treated as relating to plant and machinery used for the purposes of the NI rate activity, and

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- (ii) a main pool that is to be treated as relating to plant and machinery used for the purposes of the main rate activity, and
- (b) the amount of any unrelieved qualifying expenditure in any special rate pool falling to be carried forward under section 59 to the relevant period is to be apportioned on a just and reasonable basis to become—
 - (i) a special rate pool that is to be treated as relating to plant and machinery used for the purposes of the NI rate activity, and
 - (ii) a special rate pool that is to be treated as relating to plant and machinery used for the purposes of the main rate activity.
- (5) “Main rate activity” means the company's trade except so far as it is an NI rate activity.
- (6) “The commencement day” has the meaning given by section 5(4) of the Corporation Tax (Northern Ireland) Act 2015.

66C SME partnership entering NI corporation tax regime

For the purposes of the corporate partner calculation, section 66B applies in relation to a partnership as if—

- (a) references to a company were references to a partnership,
- (b) references to a Northern Ireland SME company were references to a Northern Ireland Chapter 6 firm,
- (c) the reference to a NIRE company were a reference to a Northern Ireland Chapter 7 firm,
- (d) the reference to section 357KB(2) of CTA 2010 were a reference to section 357WB(2) of that Act, and
- (e) the reference to section 15(2ZA) were a reference to section 15(2ZB).

66D SME company leaving NI corporation tax regime

- (1) This section applies if—
 - (a) in a chargeable period beginning after the commencement day (“the relevant period”) a company is neither a Northern Ireland SME company nor a NIRE company,
 - (b) the company was a Northern Ireland SME company in the previous chargeable period, and
 - (c) during the relevant period the company carries on a qualifying activity.
- (2) The fact that assets which continue to be used in the relevant period for the purposes of the trade actually carried on are as a result of section 15(2ZA) treated as ceasing to be used for the purposes of an NI rate activity and beginning to be used for the purposes of the qualifying activity mentioned in subsection (1)(c) does not give rise to a disposal event within 61(1)(e) or (f).
- (3) Any unrelieved qualifying expenditure which—
 - (a) relates to plant or machinery used for the purposes of an NI activity, and

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(b) falls to be carried forward to the relevant period,
is to be treated as relating to the qualifying activity that the company carries on in the relevant period.

(4) “The commencement day” has the meaning given by section 5(4) of the Corporation Tax (Northern Ireland) Act 2015.

66E SME partnership leaving NI corporation tax regime

For the purposes of the corporate partner calculation, section 66D applies in relation to a partnership as if—

- (a) references to a company were references to a partnership,
- (b) references to a Northern Ireland SME company were references to a Northern Ireland Chapter 6 firm,
- (c) the reference to a NIRE company were a reference to a Northern Ireland Chapter 7 firm, and
- (d) the reference to section 15(2ZA) were a reference to section 15(2ZB).”

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