Finance (No. 2) Act 2015

2015 CHAPTER 33

PART 4

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Corporation tax

37 CFC charge: tax avoidance involving carried-forward losses

(1) Part 14B of CTA 2010 (tax avoidance involving carried-over losses) is amended as follows.

(2) In section 730G (disallowance of deductions for relevant carried-forward losses), in subsection (4), after "a relevant corporation tax advantage" insert " or a relevant CFC charge advantage ".

(3) In that section, after subsection (5) insert—

"(5A) In this section "relevant CFC charge advantage" means a CFC charge advantage involving the deductible amount mentioned in subsection (3)."

(4) In that section, in subsection (7)—

(a) in paragraph (a)—

(i) for "the" substitute " any ";

(ii) omit the final "and";

(b) after that paragraph insert—

"(aa) any relevant CFC charge advantage, and";

(c) in paragraph (b), at the end insert " or the relevant CFC charge advantage ".

(5) In that section, in subsection (8), after "subsection (7)(a)" insert " , (aa) ".

(6) In section 730H (interpretation), in subsection (1), after the definition of "arrangements" insert—

““CFC charge advantage” means the avoidance or reduction of a charge or assessment to a charge under Part 9A of TIOPA 2010 (controlled foreign companies);”.

(7) The amendments made by this section have effect for the purposes of calculating the taxable total profits of companies for accounting periods beginning on or after after 8 July 2015.

(8) For the purposes of the amendments made by this section, where a company has an accounting period beginning before 8 July 2015 and ending on or after that date (“the straddling period”)—

(a) so much of the straddling period as falls before 8 July 2015, and so much of that period as falls on or after that date, are treated as separate accounting periods, and

(b) any amounts brought into account for the purposes of calculating the taxable total profits of the company for the straddling period are to be apportioned to the two separate accounting periods—

(i) in accordance with section 1172 of CTA 2010, and

(ii) if that method would produce a result that is unjust or unreasonable, on a just and reasonable basis.

Changes to legislation:
There are currently no known outstanding effects for the Finance (No. 2) Act 2015, Section 37.