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STATUTORY INSTRUMENTS

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**1999 No. 2975**

**INCOME TAX**

**The Corporation Tax (Simplified Arrangements  
for Group Relief) Regulations 1999**

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| <i>Made</i>                                 | - - - - | <i>1st November 1999</i>  |
| <i>Laid before the House of<br/>Commons</i> | - - - - | <i>2nd November 1999</i>  |
| <i>Coming into force</i>                    | - -     | <i>23rd November 1999</i> |

The Treasury, in exercise of the powers conferred on them by paragraph 77 of Schedule 18 to the Finance Act 1998(1), hereby make the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Corporation Tax (Simplified Arrangements for Group Relief) Regulations 1999 and shall come into force on 23rd November 1999.

**Introductory**

2. These Regulations make provision for arrangements for the surrendering and claiming of group relief in relation to any accounting period of a claimant company ending on or after 1st July 1999.

**Interpretation**

3.—(1) In these Regulations unless the context otherwise requires—

“the arrangements” means the arrangements made by these Regulations as mentioned in regulation 2;

“authorised company” has the meaning given by regulation 4;

“authorising companies” has the meaning given by regulation 5;

“the Board” means the Commissioners of Inland Revenue;

“claimant company” has the meaning given by section 402(1);

“consortium company” has the meaning given by section 406(1)(b);

“group of companies” means a collection of companies such that every pair of companies within that collection comprises companies that are members of the same group of companies within the meaning of section 413(3)(a);

“group relief” has the meaning given by subsection (1) of section 402, read with subsection (2) of that section (group claim) and subsection (3) of that section and section 406 (consortium claim);

“insolvency practitioner” in relation to a company means a liquidator, provisional liquidator, administrator, administrative receiver, or a supervisor of a voluntary arrangement under Part I of the Insolvency Act 1986(2);

“the Management Act” means the Taxes Management Act 1970(3);

“member of the consortium” shall be construed in accordance with section 413(6);

“Schedule 18” means Schedule 18 to the Finance Act 1998;

“three month date” shall be construed in accordance with regulation 7(1).

(2) In these Regulations references to a section, without more, are to that section of the Income and Corporation Taxes Act 1988(4).

#### **Authorised company**

4. A company is an “authorised company” for the purposes of these Regulations if—
- (a) it is authorised by companies within regulation 5 to act on their behalf in relation to the arrangements, and
  - (b) it is a member of the same group of companies as that referred to in regulation 5(1)(a).

#### **Authorising company**

5.—(1) In these Regulations an “authorising company” means a company which for the time being—

- (a) is a member of a group of companies, or
  - (b) is a consortium company in circumstances where a company falling within subparagraph (a) is a member of the consortium concerned, and
  - (c) in either case satisfies one of the conditions specified in paragraph (2).
- (2) Those conditions are that the company—
- (a) is one of the companies named in the application made by the authorised company in accordance with regulation 6;
  - (b) following the making of that application, is treated for the purposes of these Regulations, by agreement between the company, the authorised company and the Board, as if it had been one of the companies named in that application.

#### **Application by authorised company**

6.—(1) An application by the authorised company on behalf of itself and the authorising companies to enter into the arrangements must be made in writing to an officer of the Board.

- (2) The application must specify—
- (a) the name and the tax office reference of the authorised company,

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(2) 1986 c. 45.

(3) 1970 c. 9.

(4) 1988 c. 1.

- (b) the names and the tax office references of the authorising companies, and
  - (c) details relating to the authorised company and each of the authorising companies that are sufficient to demonstrate that the company concerned is a member of the group of companies or, as the case may be, a consortium company.
- (3) The application must contain a statement by the authorised company and the authorising companies that they agree to be covered by the arrangements and to be bound by claims, surrenders and withdrawals made under the arrangements.
- (4) The application must be accompanied—
- (a) by a specimen copy of the statement referred to in regulation 10(2) that the authorised company proposes to use for the purpose of making and withdrawing surrenders and claims on behalf of itself and the authorising companies;
  - (b) in the case of a company which is a consortium company, by an agreement, signed by each member of the consortium and the consortium company, consenting to the authorised company acting on their behalf in relation to the arrangements.
- (5) The application must be signed on behalf of each of the companies concerned by a person referred to in section 108(1) of the Management Act(5) as a person through whom that company may act.
- (6) The application must be sent to the tax office dealing with the tax affairs of the authorised company.

#### **Matters consequential to the making of an application**

7.—(1) Except where paragraph (2), (3) or (4) applies and subject to regulation 9, the authorised company may enter into the arrangements on behalf of itself and the authorising companies at any time on or after the date (“the three month date”) that is three months after the date on which the application is delivered to the tax office in accordance with regulation 6(6).

(2) An officer of the Board may, prior to the three month date, accept the application and permit the authorised company to enter into the arrangements on behalf of itself and the authorising companies with effect from the date notified to the authorised company by the officer of the Board.

(3) An officer of the Board may, prior to the three month date, accept the application and permit the authorised company to enter into the arrangements with effect from the date notified to the company by the officer of the Board, but exclude from the arrangements any of the authorising companies on the grounds that he has reason to believe that that company—

- (a) has failed to comply with its obligations under the Corporation Tax Acts in relation to any accounting period (whether an accounting period ending before, or on or after, 1st July 1999), or
- (b) is a company in relation to which a person is acting as an insolvency practitioner.

(4) An officer of the Board may, prior to the three month date, refuse the application on the grounds that—

- (a) he has reason to believe that one or more of the companies named in the application is not a member of a group of companies, or is not a consortium company in circumstances where a company which is a member of that group is a member of the consortium concerned.
- (b) he has reason to believe that one or more of the companies named in the application has failed to comply with its obligations under the Corporation Tax Acts in relation to any accounting period (whether an accounting period ending before, or on or after, 1st July 1999),

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(5) Section 108(1) was amended by paragraph 7 of Schedule 14 to the Finance Act 1993 (c. 34).

- (c) the case is not one in which all, or substantially all, of the companies named in the application deliver their company tax returns to the same tax office, or
  - (d) the specimen copy of the statement referred to in regulation 6(4)(a) is not adequate for the purpose of enabling an officer of the Board to deal with claims for group relief.
- (5) Where following the making of an application by an authorised company under regulation 6 a company is treated by agreement in accordance with regulation 5(2)(b) as if it had been one of the companies named in the application, the authorised company may enter into the arrangements on behalf of that company from the date of the agreement.

### **Change in members of consortium**

**8.—**(1) Where following the making of an application under regulation 6 there is a change in the members of the consortium referred to in paragraph (4)(b) of that regulation, as from the date of the change the authorised company may not act in accordance with the provisions of regulation 10 in relation to the consortium company concerned unless it takes the action specified in paragraph (2).

(2) The action specified in this paragraph is that the company must ensure that a new agreement, signed by the consortium company concerned and each company that is a member of the consortium immediately after the change, consenting to the authorised company acting on their behalf in relation to the arrangements, is sent to the tax office referred to in regulation 6(6).

(3) Where in accordance with paragraph (2) a new agreement is entered into and sent to the tax office, that agreement is effective for the purposes of the arrangements as from the date on which acceptance of the agreement is notified by an officer of the Board to the authorised company.

### **Exclusion of company from the arrangements**

**9.** An officer of the Board may, at any time on or after the three month date or, if earlier, the date on which an application under regulation 6 was accepted, exclude from the arrangements a company named, or treated under regulation 5(2)(b) as named, in that application, on the grounds that he has reason to believe that that company—

- (a) is not an authorising company at that time by reason of the company not falling within regulation 5(1)(a) or (b);
- (b) has failed to comply with its obligations under the Corporation Tax Acts in relation to any accounting period (whether an accounting period ending before, or on or after, 1st July 1999); or
- (c) is a company in relation to which a person is acting as an insolvency practitioner.

### **Group relief claims and surrenders under the arrangements**

**10.—**(1) Where an application by an authorised company is accepted by an officer of the Board under regulation 7, the authorised company may act in accordance with the following provisions of this regulation in relation to itself and to any of the authorising companies, other than a company excluded from the arrangements in accordance with regulation 7(3) or 9.

(2) The authorised company may from time to time furnish to an officer of the Board on behalf of itself and the authorising companies a statement in writing, in the form provided, or in a form authorised, by the Board, containing information necessary for the amendment in accordance with the provisions of Part VIII of Schedule 18 of the company tax returns of itself and the authorising companies for the purpose of making and withdrawing claims and surrenders of group relief.

- (3) Where a statement is furnished to an officer of the Board as mentioned in paragraph (2)—
  - (a) the provisions of Part VIII of Schedule 18, other than paragraph 70(4) (claim for group relief ineffective unless accompanied by copy of notice of consent to surrender)

and paragraph 71(4) (notice of withdrawal of consent to surrender ineffective unless accompanied by notice of consent of claimant company to withdrawal), shall apply in relation to the authorised company as if references to the claimant company and the surrendering company included references to the authorised company;

- (b) amendments made in accordance with the provisions of Part VIII of Schedule 18 to the company tax returns of the authorising companies in reliance on the information contained in the statement shall have effect for the purposes of the Corporation Tax Acts as if the amendments had been made by those companies.

(4) Without prejudice to the generality of paragraph (2), the information to be contained in the statement must include in particular—

- (a) as regards the amount claimed, the same information as is specified in paragraph 68 of Schedule 18,
- (b) as regards the amount surrendered, the same information as is specified in paragraph 71(1) of Schedule 18,
- (c) where applicable, details showing the effect of the claim on each company's self-assessment included in its company tax return, and
- (d) where applicable, details showing which of the company tax returns of the companies concerned are returns into which an enquiry is in progress under Part IV of Schedule 18.

(5) A statement provided under paragraph (2) that does not contain information that is sufficient for the amendment of the company tax returns of the authorised company and the authorising companies in accordance with the provisions of Part VIII of Schedule 18 is ineffective.

(6) An authorising company remains liable, in accordance with the provisions of Schedule 18, for any incorrect claim or incorrect company tax return arising from a statement provided by the authorised company under paragraph (2).

#### **Termination of arrangements and exclusion of applicant company from arrangements**

11.—(1) Either the Board or the authorised company may at any time give notice in writing to the other terminating the arrangements with effect from the date of issue of the notice.

(2) The authorised company may at any time give notice in writing to the Board excluding an authorising company from the arrangements with effect from the date of issue of the notice.

1st November 1999

*Jim Dowd*  
*Clive Betts*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations make provision for arrangements (“the arrangements”) under which corporation tax group relief may be claimed or surrendered by an authorised company acting on behalf of companies in the group in relation to accounting periods of claimant companies ending on or after 1st July 1999.

Regulation 1 provides for citation and commencement, regulation 2 is introductory, and regulation 3 provides for interpretation.

Regulation 4 defines “authorised company” and regulation 5 defines “authorising company” for the purposes of the Regulations.

Regulation 6 specifies details to be contained in an application by an authorised company on behalf of the group to enter into the arrangements.

Regulation 7 lists the criteria in relation to which the Inland Revenue may either accept or refuse an application under regulation 6.

Regulation 8 makes provision in relation to the case where one of the companies listed in an application under regulation 6 is a consortium company and there is a subsequent change in the members of the consortium concerned.

Regulation 9 lists the criteria in relation to which, following the acceptance of an application under regulation 6, the Inland Revenue may exclude a company from the arrangements.

Regulation 10 specifies the information to be furnished to the Inland Revenue under the arrangements by the authorised company on behalf of the group when claiming and surrendering group relief.

Regulation 11 provides for termination of the arrangements by either the authorised company or the Inland Revenue, and for the exclusion by the authorised company of a company in the group from the arrangements.