
STATUTORY INSTRUMENTS

2015 No. 662

The Tax Treatment of Financing Costs and Income (Change of Accounting Standards: Investment Entities) Regulations 2015

Amendment to Part 7 of the Taxation (International and Other Provisions) Act 2010

2.—(1) Part 7 of the Taxation (International and Other Provisions) Act 2010 (tax treatment of financing costs and income) is amended as follows.

(2) After section 332A(1) insert—

“332AA Change of accounting standards: investment entities

(1) The available amount for a period of account of the worldwide group is treated as increased by an amount equal to any amount that falls within subsection (2).

(2) An amount falls within this subsection if—

(a) it is an expense that—

(i) is a financing expense amount of a UK group company that is taken into account in calculating the tested expense amount or the tested income amount for the period of account of the worldwide group, or

(ii) arises in the period of account to a member of the worldwide group that is not a UK group company; and

(b) the expense referred to in paragraph (a) would be taken into account in calculating the available amount for the period but for the operation of paragraph 31 of International Financial Reporting Standard 10 or paragraph 9.9 of Financial Reporting Standard 102.”

(3) In section 346 (financial statements of the worldwide group) after subsection (2) insert—

“(2A) But, where the effect of the operation of paragraph 31 of International Financial Reporting Standard 10 or paragraph 9.9 of Financial Reporting Standard 102 is that no consolidated financial statements are prepared, references to financial statements of the worldwide group are to the financial statements of the ultimate parent.”

(4) In section 348 (non-existent financial statements of the worldwide group) after subsection (5) insert—

“(5A) But, where the effect of the operation of paragraph 31 of International Financial Reporting Standard 10 is that financial statements of the group for a period drawn up in accordance with international accounting standards would not be consolidated financial statements, references in this section to IAS financial statements of the worldwide group for that period are to the financial statements of the ultimate parent drawn up in accordance with international accounting standards.”