
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Paragraph 62. (See end of Document for details)

SCHEDULES

SCHEDULE 22

TONNAGE TAX

PART VII

THE RING FENCE: GENERAL PROVISIONS

Treatment of finance costs: group company

- 62 (1) This paragraph applies to a tonnage tax company which is a member of a tonnage tax group where the activities carried on by the members of the group include activities other than tonnage tax activities.
- (2) An adjustment shall be made if it appears, in relation to an accounting period of the company, that the group's deductible finance costs outside the ring fence exceed a fair proportion of the total finance costs of the group.
- (3) A group's "deductible finance costs outside the ring fence" means so much of the group's finance costs as may be brought into account in calculating for the purposes of corporation tax—
- (a) in the case of a group member that is a tonnage tax company, the company's profits other than relevant shipping profits, and
 - (b) in the case of a group member that is not a tonnage tax company, the company's profits.
- (4) A group's "total finance costs" means so much of the group's finance costs as could, if there were no tonnage tax election, be brought into account in calculating for the purposes of corporation tax the profits of any member of the group.
- (5) What proportion of the group's total finance costs should be deductible outside the ring fence shall be determined on a just and reasonable basis by reference to the extent to which the funding in relation to which the costs are incurred is applied in such a way that any profits arising, directly or indirectly, would be relevant shipping profits.
- (6) Where an adjustment falls to be made under this paragraph, an amount equal to the relevant proportion of the excess referred to in sub-paragraph (2) shall be brought into account as if it were a non-trading credit falling for the purposes of [F¹Part 5 of the Corporation Tax Act 2009] (loan relationships) to be brought into account in respect of a loan relationship of the company in respect of non-tonnage tax activities.

For this purpose "the relevant proportion" is the proportion that the company's tonnage tax profits bear to the tonnage tax profits of all the members of the group.

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Textual Amendments

- F1** Words in [Sch. 22 para. 62\(6\)](#) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 470\(5\)](#) (with [Sch. 2 Pts. 1, 2](#))

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