



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 10

#### CLOSE COMPANIES

#### [<sup>F1</sup>CHAPTER 3B

#### REPAYMENTS AND RETURN PAYMENTS

##### Textual Amendments

**F1** Pt. 10 Ch. 3B inserted (with retrospective effect in accordance with [Sch. 30 para. 6\(2\)](#) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 30 para. 6\(1\)](#)

##### Modifications etc. (not altering text)

**C1** Pt. 10 Chs. 3-3B applied (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 2 para. 37](#)

#### 464C Treatment of certain repayments and return payments

(1) Where—

- (a) within any period of 30 days—
  - (i) the qualifying amount of repayments made to a close company in respect of one or more chargeable payments made by the company to a person totals £5,000 or more, and
  - (ii) the available amount of the relevant chargeable payments made by the company to the person or an associate of the person totals £5,000 or more, and
- (b) the relevant chargeable payments are made in an accounting period subsequent to that in which the chargeable payments mentioned in paragraph (a)(i) were made,

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*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 3B. (See end of Document for details)*

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the qualifying amount of the repayments, so far as not exceeding the available amount of the relevant chargeable payments, is to be treated for the purposes of this Chapter as a repayment of the relevant chargeable payments.

(2) A chargeable payment is a relevant chargeable payment for the purposes of subsection (1) if (or to the extent that) it is not repaid within the period of 30 days mentioned in that subsection.

(3) Where—

- (a) immediately before a repayment is made in respect of one or more chargeable payments made by a close company to a person, the total amount owed to the company by the person in respect of chargeable payments is £15,000 or more,
- (b) at the time the repayment is made, arrangements had been made for one or more chargeable payments to be made to replace some or all of the amount repaid, and
- (c) the available amount of the chargeable payments made by the company to the person or an associate of the person under the arrangements totals £5,000 or more,

the qualifying amount of the repayment, so far as not exceeding the available amount of the chargeable payments mentioned in paragraph (c), is to be treated for the purposes of this Chapter as a repayment of those chargeable payments.

(4) An amount contained in a chargeable payment is an available amount—

- (a) for the purposes of subsection (1), to the extent that no repayment has been treated as made in respect of it by the previous operation of that subsection, and
- (b) for the purposes of subsection (3), to the extent that no repayment has been treated as made in respect of it—
  - (i) by the operation of subsection (1), or
  - (ii) by the previous operation of subsection (3).

(5) An amount contained in a repayment is a qualifying amount to the extent that it has not been treated by the previous operation of this section as a repayment of a chargeable payment.

(6) This section does not apply in relation to a repayment which gives rise to a charge to income tax on the participator or associate by reference to whom the loan, advance or benefit was a chargeable payment.

(7) The Treasury may by order vary a sum specified in subsection (1) or (3).

(8) An order under subsection (7) may contain incidental, supplemental, consequential and transitional provision and savings.

#### **464D Section 464C: supplementary**

(1) All such assessments and adjustments of assessments are to be made as are necessary to give effect to section 464C(1) and (3).

(2) If a person who has made a tax return becomes aware that, after making it, anything in it has become incorrect because of the operation of section 464C(1) or (3), the person must give notice to an officer of Revenue and Customs specifying how the return needs to be amended.

**Changes to legislation:** *There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 3B. (See end of Document for details)*

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- (3) The notice must be given within 3 months beginning with the day on which the person became aware that anything in the return had become incorrect because of the operation of section 464C(1) or (3).
- (4) In section 464C, “chargeable payment” means—
  - (a) a loan or advance made by a close company which gives rise to a charge to tax under section 455, or
  - (b) the conferral of a benefit on an individual in circumstances which give rise to a charge to tax under section 464A.
- (5) In a case within subsection (4)(b)—
  - (a) the conferral of the benefit is to be treated for the purposes of section 464C as a loan made by the close company to the individual to the value of the benefit conferred, and
  - (b) any payment in respect of which (apart from section 464C) relief is due to the close company under section 464B is to be treated for the purposes of section 464C as a repayment of the loan.]

**Changes to legislation:**

There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 3B.