



Corporation Tax Act 2010

2010 CHAPTER 4

[^{F1}PART 7ZA

RESTRICTIONS ON OBTAINING CERTAIN DEDUCTIONS

[^{F1}Deductions allowance

Textual Amendments

- F1** Pt. 7ZA inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 16](#)

269ZR Deductions allowance for company in a group

- (1) This section makes provision as to the deductions allowance of a company for an accounting period where, at any time in the period—
 - (a) the company is a member of a group, and
 - (b) one or more other companies within the charge to corporation tax are members of that group.
- (2) The company's deductions allowance for the accounting period is the sum of—
 - (a) any amounts of group deductions allowance allocated to the company for the period in accordance with sections 269ZS to 269ZV, and
 - (b) the appropriate amount of non-group deductions allowance of the company for the period,
up to a limit of £5,000,000.
- (3) The “appropriate amount of non-group deductions allowance” of the company, for the accounting period, is—

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$$\frac{\text{DNG}}{\text{DAC}} \times \pounds 5,000,000$$

where—

“DNG” is the number of days in the period on which the company is not a member of a group that has another member that is a company within the charge to corporation tax, and

“DAC” is the total number of days in the period.

- (4) If the accounting period is less than 12 months—
- (a) the appropriate amount of non-group deductions allowance, and
 - (b) the limit in subsection (2),
- are proportionally reduced.

[See section 269ZYA for further provision about the deductions allowance for a ^{F2}(5) company without a source of chargeable income which is a member of a group.]

Textual Amendments

- F2** S. 269ZR(5) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by Finance Act 2020 (c. 14), Sch. 4 paras. 32, 42 (with Sch. 4 paras. 43-46)

269ZS Group deductions allowance and the nominated company

- (1) This section applies where—
- (a) two or more members of a group are companies within the charge to corporation tax, and
 - (b) all the companies within the charge to corporation tax that are members of the group together nominate (“the group allowance nomination”) one of their number (“the nominated company”) for the purposes of this Part.
- (2) The “group deductions allowance” for the group is £5,000,000 for each accounting period of the nominated company throughout which the group allowance nomination has effect.
- (3) If the group allowance nomination takes effect, or ceases to have effect, part of the way through an accounting period of the nominated company, the “group deductions allowance” for the group for that period is—

$$\frac{\text{DN}}{\text{DAC}} \times \pounds 5,000,000$$

where—

“DN” is the number of days in the accounting period on which a group allowance nomination that nominates the nominated company in relation to the group has effect, and

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- “DAC” is the total number of days in the accounting period.
- (4) If an accounting period of the nominated company is less than 12 months, the group deductions allowance for that period is proportionally reduced.
- (5) A group allowance nomination must state the date on which it is to take effect (which may be earlier than the date the nomination is made).
- (6) A group allowance nomination is of no effect unless it is signed by the appropriate person on behalf of each company that is, when the nomination is made, a member of the group and within the charge to corporation tax.
- (7) A group allowance nomination ceases to have effect—
- (a) immediately before the date on which a new group allowance nomination in respect of the group takes effect,
 - (b) upon the appropriate person in relation to a company within the charge to corporation tax that is a member of the group notifying an officer of Revenue and Customs, in writing, that the group allowance nomination is revoked, or
 - (c) upon the nominated company ceasing to be a company within the charge to corporation tax or ceasing to be a member of the group.
- (8) The Commissioners for Her Majesty's Revenue and Customs may by regulations make further provision about a group allowance nomination or any notification under this section including, in particular, provision—
- (a) about the form and manner in which a nomination or notification may be made,
 - (b) about how a nomination may be revoked and the form and manner of such revocation,
 - (c) requiring a person to notify HMRC of the making or revocation of a nomination,
 - (d) requiring a person to give information to HMRC in connection with the making or revocation of a nomination or the giving of a notification,
 - (e) imposing time limits in relation to making or revoking a nomination or giving a notification, and
 - (f) providing that a nomination or its revocation, or a notification, is of no effect, or ceases to have effect, if time limits or other requirements under the regulations are not met.
- (9) In this Part “the appropriate person”, in relation to a company, means—
- (a) the proper officer of the company, or
 - (b) such other person as may for the time being have the express, implied or apparent authority of the company to act on its behalf for the purposes of this Part.
- (10) Subsections (3) and (4) of section 108 of TMA 1970 (responsibility of company officers: meaning of “proper officer”) apply for the purposes of subsection (9) as they apply for the purposes of that section.

Group allowance nomination: former groups

1
F3 269ZSA

- (1) This section applies where—

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- (a) a group ceases to be a group for the purposes of this Part (because the companies that were members of the group no longer together meet the condition in section 269ZZB(2)), and
- (b) immediately before the group ceased to be a group for the purposes of this Part—
 - (i) two or more members of the group were companies within the charge to corporation tax, and
 - (ii) no group allowance nomination under section 269ZS had effect in relation to the group.
- (2) All the companies that were, immediately before the group ceased to be a group for the purposes of this Part, members of the group and within the charge to corporation tax may together nominate (“the group allowance nomination”) one of their number (“the nominated company”) for the purposes of this Part.
- (3) It is irrelevant for the purposes of subsection (2) whether or not the companies (including the nominated company) are within the charge to corporation tax when the nomination is made.
- (4) A group allowance nomination under this section has effect during the period—
 - (a) beginning with the date on which it is stated to take effect (see section 269ZS(5), as it has effect by virtue of subsection (5)(a) of this section), and
 - (b) ending immediately before the group ceased to be a group for the purposes of this Part.
- (5) For the purposes of this Part, treat a group allowance nomination under this section as a group allowance nomination under section 269ZS, but that section is to apply to a group allowance nomination under this section subject to the following modifications—
 - (a) section 269ZS(5) has effect as if, for the words in brackets, there were substituted “ (which must be earlier than the date on which the group ceased to be a group for the purposes of this Part) ”;
 - (b) section 269ZS(6) has effect as if, for the words “is, when the nomination is made”, there were substituted “ was, immediately before the group ceased to be a group for the purposes of this Part ”;
 - (c) section 269ZS(7) does not apply (but see subsection (4) of this section);
 - (d) in section 269ZS(8), ignore references to the revocation of a group allowance nomination (however expressed).
- (6) Only one group allowance nomination under this section may be made in respect of a group.]

Textual Amendments

F3 S. 269ZSA inserted (with effect in accordance with [Sch. 8 para. 16](#) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 8 para. 2](#) (with [Sch. 8 para. 22](#))

269ZT Group allowance allocation statement: submission

- (1) A company must submit a group allowance allocation statement to HMRC for each of its accounting periods in which it is the nominated company in relation to a group.

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This is subject to subsections (2) [^{F4}to (3A)].

- (2) If a company ceases to be the nominated company in relation to a group before it submits a group allowance allocation statement to HMRC for an accounting period—
 - (a) that company may not submit the statement, and
 - (b) the company that is for the time being the nominated company in relation to the group must do so.
- (3) But if a new group allowance nomination in respect of the group takes effect on a date before it is made, that does not affect the validity of the submission of any group allowance allocation statement submitted before the date the new nomination is made.

[A company need not submit a group allowance allocation statement to HMRC for an ^{F5}(3A) accounting period if the statement would, if submitted, allocate no amount of group deductions allowance in accordance with section 269ZV(3)(f).]

- (4) A group allowance allocation statement under this section must be received by HMRC^{F6} on or before whichever is the latest of the following dates—
 - (a) the first anniversary of the filing date for the company tax return for the accounting period to which the statement relates;
 - (b) if notice of enquiry (within the meaning of Schedule 18 to FA 1998) is given into a company tax return of a company for an accounting period for which an amount of group deductions allowance is, or could be, allocated by the statement, 30 days after the enquiry is completed;
 - (c) if, after such an enquiry, an officer of Revenue and Customs amends the return under paragraph 34(2) of that Schedule, 30 days after the notice of amendment is issued;
 - (d) if an appeal is brought against such an amendment, 30 days after the date on which the appeal is finally determined.]
- (5) A group allowance allocation statement under this section may be submitted at a later time if an officer of Revenue and Customs allows it.
- (6) A group allowance allocation statement under this section must comply with the requirements of section 269ZV.

Textual Amendments

- F4** Words in s. 269ZT(1) substituted (with effect in accordance with Sch. 8 para. 17 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 8 para. 11\(2\)](#)
- F5** [S. 269ZT\(3A\)](#) inserted (with effect in accordance with Sch. 8 para. 17 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 8 para. 11\(3\)](#)
- F6** Words in s. 269ZT(4) substituted (with effect in accordance with Sch. 8 para. 17 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 8 para. 11\(4\)](#)

269ZU Group allowance allocation statement: submission of revised statement

- (1) This section applies if a group allowance allocation statement has been submitted under section 269ZT, or this section, in respect of an accounting period of a company that is, or was, a nominated company (“the nominee's accounting period”).

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- (2) A revised group allowance allocation statement in respect of the nominee's accounting period may be submitted to HMRC by the company that is for the time being the nominated company in relation to the group.
- (3) But if a new group allowance nomination in respect of the group takes effect on a date before it is made, that does not affect the validity of the submission of any revised group allowance allocation statement submitted before the date the new nomination is made.
- (4) A revised group allowance allocation statement may be submitted on or before whichever is the latest of the following dates—
 - (a) the first anniversary of the filing date for the company tax return for the nominee's accounting period,
 - (b) if notice of enquiry (within the meaning of Schedule 18 to FA 1998) is given into a relevant company tax return, 30 days after the enquiry is completed,
 - (c) if, after such an enquiry, an officer of Revenue and Customs amends the return under paragraph 34(2) of that Schedule, 30 days after the notice of amendment is issued,
 - (d) if an appeal is brought against such an amendment, 30 days after the date on which the appeal is finally determined.
- (5) A revised group allowance allocation statement may be submitted at a later time if an officer of Revenue and Customs allows it.
- (6) In this section “relevant company tax return” means a company tax return of a company for an accounting period for which an amount of group deductions allowance was, or could have been, allocated by a previous group allowance allocation statement in respect of the nominee's accounting period.
- (7) The references in subsection (4) to an enquiry into a relevant company tax return do not include an enquiry resulting from an amendment of such a return where—
 - (a) the scope of the enquiry is limited as mentioned in paragraph 25(2) of Schedule 18 to FA 1998 (enquiry into amendments when time limit for enquiry into return as originally submitted is passed), and
 - (b) the amendment relates only to the allocation of group deductions allowance for the nominee's accounting period.
- (8) A group allowance allocation statement under this section must comply with the requirements of section 269ZV.

269ZV Group allowance allocation statement: requirements and effects

- (1) This section applies in relation to a group allowance allocation statement submitted under section 269ZT or 269ZU.
- (2) The statement must be signed by the appropriate person in relation to the company giving the statement.
- (3) The statement must—
 - (a) identify the group to which it relates,
 - (b) specify the accounting period, of the company that is or was the nominated company, to which the statement relates (“the nominee's accounting period”),

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- (c) specify the days in the nominee's accounting period on which that company was the nominated company in relation to the group or state that that company was the nominated company throughout the period,
 - (d) state the group deductions allowance the group has for the nominee's accounting period,
 - (e) list one or more of the companies that were members of the group and within the charge to corporation tax in the nominee's accounting period (“listed companies”),
 - (f) allocate amounts of the group deductions allowance to the listed companies, and
 - (g) for each amount of group deductions allowance allocated to a listed company, specify the accounting period of the listed company for which it is allocated.
- (4) An amount of group deductions allowance allocated to a listed company must be allocated to that company for an accounting period that falls wholly or partly in the nominee's accounting period.
- (5) The maximum amount of group deductions allowance that may be allocated, by the group allowance allocation statement, to a listed company for an accounting period of that company is—

$$\frac{\text{DAP}}{\text{DNAP}} \times \text{GSA}$$

where—

“DAP” is the number of days in the accounting period of the listed company that are—

- (a) days in the nominee's accounting period [^{F7}on which the nominee was the nominated company in relation to the group], and
- (b) days on which the [^{F8}listed] company was a member of the group,

“DNAP” is the number of days in the nominee's accounting period [^{F9}on which the nominee was the nominated company in relation to the group], and

“GSA” is the group deductions allowance of the group for the nominee's accounting period.

[In its application in relation to a listed company that is the ultimate parent (see ^{F10}(5A) section 269ZZB(3)) of each other company in the group, subsection (5) has effect as if after “the group” in paragraph (b) of the definition of DAP there was inserted “and was not a member of any other group]]

- (6) The sum of the amounts allocated to listed companies by the group allowance allocation statement may not exceed the group deductions allowance for the nominee's accounting period.
- (7) If a group allowance allocation statement is submitted that does not comply with subsection (5) or (6), the company that is, for the time being, the nominated company in relation to the group must submit a revised group allowance allocation statement that does comply with those subsections within 30 days of the date on which the group allowance allocation statement that did not comply was submitted or within such further period as an officer of Revenue and Customs allows.
- (8) If a group allowance allocation statement—

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- (a) complies with those subsections when it is submitted, but
 - (b) subsequently ceases to comply with either of them,
- the company that is, for the time being, the nominated company in relation to the group must submit a revised group allowance allocation statement that does comply with those subsections within 30 days of the date on which the group allowance allocation statement ceased to comply with one of those subsections or within such further period as an officer of Revenue and Customs allows.
- (9) If a company fails to comply with subsection (7) or (8), an officer of Revenue and Customs may by written notice to the company amend the group allowance allocation statement as the officer thinks fit for the purpose of making it comply with subsections (5) and (6).
 - (10) An officer of Revenue and Customs who issues a notice under subsection (9) to a company must, at the same time, send a copy of the notice to each of the listed companies.
 - (11) The time limits otherwise applicable to the amendment of a company tax return do not apply to any such amendment to the extent that it is made in consequence of a group allowance allocation statement being submitted in accordance with section 269ZT or 269ZU.
 - (12) The Commissioners for Her Majesty's Revenue and Customs may by regulations make further provision about a group allowance allocation statement including, in particular, provision—
 - (a) about the form of a statement and the manner in which it is to be submitted,
 - (b) requiring a person to give information to HMRC in connection with a statement,
 - (c) as to the circumstances in which a statement that is not received by the time specified in section 269ZU(4) is to be treated as if it were so received, and
 - (d) as to the circumstances in which a statement that does not comply with the requirements of this section is to be treated as if it did comply.

Textual Amendments

- F7** Words in s. 269ZV(5) inserted (with effect in accordance with Sch. 8 para. 20 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 8 para. 12\(a\)\(i\)](#)
- F8** Word in s. 269ZV(5) inserted (with effect in accordance with Sch. 8 para. 20 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 8 para. 12\(a\)\(ii\)](#)
- F9** Words in s. 269ZV(5) inserted (with effect in accordance with Sch. 8 para. 20 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 8 para. 12\(b\)](#)
- F10** S. 269ZV(5A) inserted (with effect in accordance with Sch. 10 para. 32 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 10 para. 12](#)

Group allowance allocation statement: former groups

F11 **269ZVA**

(1) This section applies where—

- (a) a group ceases to be a group for the purposes of this Part (because the companies that were members of the group no longer together meet the condition in section 269ZZB(2)), and
- (b) immediately before the group ceased to be a group for the purposes of this Part, a group allowance nomination had effect in relation to the group

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(including a group allowance nomination made after that event under section 269ZSA).

- (2) Sections 269ZT to 269ZV have effect subject to the following modifications—
- (a) section 269ZT(2)(a) does not apply to the company that was the nominated company under the group allowance nomination mentioned in subsection (1)(b) (accordingly, that company may submit a group allowance allocation statement under section 269ZT);
 - (b) for the purposes of sections 269ZT(2)(b), 269ZU(2) and 269ZV(7) and (8), treat the company that was the nominated company under the group allowance nomination mentioned in subsection (1)(b) as the company that is, for the time being, the nominated company in relation to the group;
 - (c) section 269ZV(5A) has effect as if the reference to a listed company that is the ultimate parent of a group were to a listed company that was the ultimate parent of the group immediately before the group ceased to be a group for the purposes of this Part.]

Textual Amendments

F11 S. 269ZVA inserted (with effect in accordance with [Sch. 8 para. 16](#) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 8 para. 3](#) (with [Sch. 8 para. 23](#))

269ZW Deductions allowance for company not in a group

- (1) This section makes provision as to the deductions allowance of a company for an accounting period where section 269ZR (deductions allowance for company in a group) does not apply.
- (2) The company's deductions allowance for the accounting period is £5,000,000.
- (3) If the accounting period is less than 12 months, the company's deductions allowance for the period is proportionally reduced.

[See section [269ZYA](#) for further provision about the deductions allowance for a ^{F12}(4) company without a source of chargeable income.]

Textual Amendments

F12 S. 269ZW(4) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 33, 42](#) (with [Sch. 4 paras. 43-46](#))

^{F13} 269ZWA Increase of deductions allowance for insolvent companies

- (1) This section applies in relation to a company if—
 - (a) the company has gone into insolvent liquidation (see subsection (4)), or
 - (b) a corresponding situation exists in relation to the company in a country or territory outside the United Kingdom.
- (2) The company's deductions allowance for a winding up accounting period (as determined in accordance with section 269ZR or 269ZW) is to be treated (for all purposes) as increased by—

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- (a) the amount of chargeable gains accruing to the company in the accounting period after deducting any allowable losses accruing to the company in the period, or
 - (b) if lower, the amount of any allowable losses previously accruing to the company, so far as not previously deducted under section 2A(1) of TCGA 1992.
- (3) In determining the amount of chargeable gains accruing to the company in a winding up accounting period for the purposes of subsection (2), ignore—
- (a) any chargeable gains (but not any allowable losses) accruing to the company on the disposal of an asset if—
 - (i) section 171(1) of TCGA 1992 (transfers within a group: no gain no loss) applied in relation to the disposal by which the company acquired the asset (the “no gain/no loss disposal”),
 - (ii) the asset was acquired by the company, by virtue of the no gain/no loss disposal, in a winding up accounting period, and
 - (iii) the company making the no gain/no loss disposal has not, at that time, gone into insolvent liquidation, and
 - (b) any chargeable gains (but not any allowable losses) transferred to the company in accordance with an election made under section 171A of TCGA 1992 (election to reallocate gain or loss to another member of the group) if—
 - (i) the election is made in a winding up accounting period, and
 - (ii) the company from which the chargeable gain is transferred has not, at the time the election is made, gone into insolvent liquidation.
- (4) For the purposes of this section, a company has gone into insolvent liquidation if—
- (a) it has gone into liquidation, within the meaning of section 247(2) of the Insolvency Act 1986 or article 6(2) of the Insolvency (Northern Ireland) Order 1989 (SI 1989/2405 (NI 19)), and
 - (b) at the time it goes into liquidation, its assets are insufficient for the payment of its debts and other liabilities and the expenses of the winding up.
- (5) In this section a “winding up accounting period” means—
- (a) the accounting period of the company that begins when the winding up starts (within the meaning of section 12(7) of CTA 2009), and
 - (b) each subsequent accounting period.]

Textual Amendments

F13 S. 269ZWA inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by Finance Act 2020 (c. 14), Sch. 4 paras. 8, 42 (with Sch. 4 paras. 43-46)

269ZX Increase of deductions allowance [^{F14}in connection with onerous or impaired leases]

- (1) This section applies if—
- (a) a [^{F15}relevant credit] is brought into account in calculating a company's specified profits for an accounting period, and
 - (b) the amount of the company's specified profits for the accounting period is greater than nil.

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[In this section “relevant credit” means a relevant reversal credit, a relevant ^{F16}(1A) remeasurement credit or a relevant variable lease payment (see sections 269ZY and 269ZYZA).]

- (2) For the purposes of this section a company's “specified profits” for an accounting period are the sum of—
 - (a) the company's total profits for the accounting period, calculated with the modifications set out in section 269ZF(4), and
 - (b) any I-E profit of the company for the accounting period.
- (3) The company's deductions allowance for the accounting period (as determined in accordance with section 269ZR or 269ZW) is to be treated (for all purposes) as increased by—
 - (a) the amount of the [^{F17}relevant credit (or, if there is more than one, the sum of the relevant credits)], or
 - (b) if lower, the amount of the specified profits.

Textual Amendments

- F14** Words in s. 269ZX heading substituted (with effect in accordance with s. 30(17)-(19) of the amending Act) by [Finance Act 2022 \(c. 3\), s. 30\(3\)](#)
- F15** Words in s. 269ZX(1)(a) substituted (with effect in accordance with s. 30(17)-(19) of the amending Act) by [Finance Act 2022 \(c. 3\), s. 30\(4\)](#)
- F16** S. 269ZX(1A) inserted (with effect in accordance with s. 30(17)-(19) of the amending Act) by [Finance Act 2022 \(c. 3\), s. 30\(5\)](#)
- F17** Words in s. 269ZX(3)(a) substituted (with effect in accordance with s. 30(17)-(19) of the amending Act) by [Finance Act 2022 \(c. 3\), s. 30\(6\)](#)

269ZY Meaning of “relevant reversal credit”

- (1) For the purposes of section 269ZX a “relevant reversal credit” is a credit, or other income, brought into account in respect of the relevant reversal (see subsections (3) and (5)) of [^{F18}—
 - (a) a relevant onerous lease provision (see subsection (2)), or
 - (b) a relevant right-of-use asset impairment loss (see subsection (2A)).]
- (2) A provision in the accounts of a company (“C”) is a “relevant onerous lease provision” if—
 - (a) the provision relates to a lease of land under which C is the tenant (and “L” is the landlord),
 - (b) the provision is required, for [^{F19}accounting] purposes, as a provision for an onerous lease, and
 - (c) the lease was entered into at arm's length.

[A loss in the accounts of a company (“C”) is a “relevant right-of-use asset impairment ^{F20}(2A) loss” if—

- (a) the loss relates to an asset (a “right-of-use asset”) recognised in the accounts to reflect C's right to use land as the tenant under a lease (where “L” is the landlord),
- (b) the loss is required to be recognised, for accounting purposes, because the right-of-use asset is impaired, and

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- (c) the lease was entered into at arm's length.]
- (3) The reversal (in whole or in part) of a relevant onerous lease provision [^{F21} or a relevant right-of-use asset impairment loss] is a "relevant reversal" if—
- (a) the reversal is required for [^{F22} accounting] purposes as a result of an arrangement ("C's arrangement") made at arm's length under which C's obligations under the lease are varied or cancelled,
 - (b) subsection (4) does not apply, and
 - (c) at least one of conditions X, Y and Z in subsection (7) is met.
- (4) This subsection applies if—
- (a) C and L are connected at the time when C's arrangement is made, or
 - (b) the landlord who granted the lease (whether that was L or another person) and the tenant to whom it was granted (whether that was C or another person) were connected at the time when the lease was granted.
- (5) The reversal (in whole or in part) of a relevant onerous lease provision [^{F23} or a relevant right-of-use asset impairment loss] is a "relevant reversal" if—
- (a) the lease has been granted out of a lease ("the superior lease"),
 - (b) L and C are members of the same group of companies,
 - (c) the reversal would be a relevant reversal by virtue of subsection (3) if the condition in subsection (3)(b) (lack of connection between C and L) were met,
 - (d) the terms of C's arrangement substantially reflect those of an arrangement ("L's arrangement") made at arm's length under which L's obligations under the superior lease are varied or cancelled, and
 - (e) subsection (6) does not apply.
- (6) This subsection applies if—
- (a) at the time when L's arrangement is made, the landlord under the superior lease ("S") is connected with L or C, or
 - (b) the landlord who granted the superior lease (whether that is S or another person) and the tenant to whom it was granted (whether that was L or another person) were connected at the time when that lease was granted.
- (7) The conditions mentioned in subsection (3)(c) are as follows.
- Condition X is that—
- (a) it is reasonable to suppose that immediately before C's arrangement was made there was a material risk that at some time within the next 12 months C would be unable to pay its debts as they fell due, and
 - (b) the sole or main purpose of C's arrangement was to avert that risk (whether directly or indirectly).
- Debts due to a person connected with C are to be regarded as not being debts for the purposes of paragraph (a).
- Condition Y is that C is in insolvent administration.
- Condition Z is that C's arrangement is, or is part of, a statutory insolvency arrangement.
- (8) In this section "statutory insolvency arrangement" means—
- (a) a voluntary arrangement that has taken effect under, or as a result of, the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/ 2405 (N.I. 19)),

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- (b) a compromise or arrangement that has taken effect under Part 26 [^{F24}or 26A] of the Companies Act 2006, or
 - (c) an arrangement or compromise of a kind corresponding to any of those mentioned in paragraph (a) or (b) that has taken effect under, or as a result of, the law of a country or territory outside the United Kingdom,
- (and for the purposes of this section an arrangement which is, or is part of, a statutory insolvency arrangement is taken to be “made” when the statutory insolvency arrangement takes effect).
- (9) For the purposes of this section a company in administration is in insolvent administration if—
- (a) it entered administration under Schedule B1 to the Insolvency Act 1986, or Schedule B1 to the Insolvency (Northern Ireland) Order 1989, at a time when its assets were insufficient for the payment of its debts and other liabilities and the expenses of the administration, or
 - (a) under the law of a country or territory outside the United Kingdom circumstances corresponding to those mentioned in paragraph (a) exist.
- [For the purposes of subsection (2A)(b), where a company’s accounts previously ^{F25}(9A) included provision for an onerous lease, any right-of-use asset included in the accounts in respect of that lease is to be treated as impaired, unless there has been a material change of circumstances.]
- (10) In the application of subsection (5) to Scotland, the reference to the lease having been granted out of the superior lease is to the lease being a sublease of land subject to the superior lease.
- (11) Section 152 (groups of companies) applies for the purposes of this section as it applies for the purposes of Part 5.
- (12) For the purposes of this section any question whether a person is connected with another is to be determined in accordance with section 1122.

Textual Amendments

- F18** Words in s. 269ZY(1) substituted (with effect in accordance with s. 30(17)-(19) of the amending Act) by [Finance Act 2022 \(c. 3\), s. 30\(8\)](#)
- F19** Word in s. 269ZY(2)(b) substituted (with effect in accordance with s. 30(17)-(19) of the amending Act) by [Finance Act 2022 \(c. 3\), s. 30\(9\)](#)
- F20** S. 269ZY(2A) inserted (with effect in accordance with s. 30(17)-(19) of the amending Act) by [Finance Act 2022 \(c. 3\), s. 30\(10\)](#)
- F21** Words in s. 269ZY(3) inserted (with effect in accordance with s. 30(17)-(19) of the amending Act) by [Finance Act 2022 \(c. 3\), s. 30\(11\)\(a\)](#)
- F22** Word in s. 269ZY(3)(a) substituted (with effect in accordance with s. 30(17)-(19) of the amending Act) by [Finance Act 2022 \(c. 3\), s. 30\(11\)\(b\)](#)
- F23** Words in s. 269ZY(5) inserted (with effect in accordance with s. 30(17)-(19) of the amending Act) by [Finance Act 2022 \(c. 3\), s. 30\(12\)](#)
- F24** Words in s. 269ZY(8)(b) inserted (26.6.2020) by [Corporate Insolvency and Governance Act 2020 \(c. 12\), s. 49\(1\), Sch. 9 para. 43\(3\)](#) (with ss. 2(2), 5(2))
- F25** S. 269ZY(9A) inserted (with effect in accordance with s. 30(17)-(19) of the amending Act) by [Finance Act 2022 \(c. 3\), s. 30\(13\)](#)

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Other relevant credits

269ZYZA

- (1) For the purposes of section 269ZX a “relevant remeasurement credit” is a credit, or other income, brought into account in respect of a relevant remeasurement excess.
- (2) There is a “relevant remeasurement excess” where—
 - (a) a company (“C”) is the tenant under a lease of land (and “L” is the landlord),
 - (b) C’s accounts include a relevant right-of-use asset impairment loss in connection with the lease,
 - (c) under an arrangement (“C’s arrangement”) made at arm’s length, C’s obligations under the lease are varied or cancelled,
 - (d) as a result of C’s arrangement, C is required, for accounting purposes, to remeasure the lease liability in relation to the lease,
 - (e) the remeasurement results in the lease liability being reduced by an amount which exceeds the amount of the right-of-use asset recognised in relation to the lease (taking account of any right-of-use asset impairment loss), and
 - (f) the relevant requirements are met (see subsection (5)).
- (3) For the purposes of section 269ZX a variable lease payment is “relevant” if it is a credit, or other income, brought into account in circumstances described in subsection (4).
- (4) Those circumstances are where—
 - (a) a company (“C”) is the tenant under a lease of land (and “L” is the landlord),
 - (b) C’s accounts include a relevant right-of-use asset impairment loss in connection with the lease,
 - (c) under an arrangement (“C’s arrangement”) made at arm’s length, there is a change in the payments that would have been payable by C under the lease on or before 30 June 2022,
 - (d) the change would not have been made if it were not for coronavirus,
 - (e) for accounting purposes, C opts to record the change by means of variable lease payments (rather than by remeasuring its lease liability in relation to the lease), and
 - (f) the relevant requirements are met (see subsection (5)).
- (5) For the purposes of subsections (2) and (4), the relevant requirements are met if—
 - (a) the requirements in section 269ZY(3)(b) and (c), or
 - (b) the requirements in section 269ZY(3)(c) and (5)(a), (b), (d) and (e),
 are met in relation to C, L and C’s arrangement (as defined in subsection (2) or (4), as appropriate).
- (6) In determining whether a company is required to account as described in subsection (2)(d), ignore any option the company has to account as described in subsection (4)(e).
- (7) The Treasury may by regulations substitute for the date for the time being specified in subsection (4)(c) such later date as they consider appropriate.
- (8) In this section—

“coronavirus” means severe acute respiratory syndrome coronavirus 2;

“lease liability”, in relation to a company and a lease, means a liability recognised in the company’s accounts to reflect the company’s obligations as tenant under the lease;

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“right-of-use asset”, in relation to a company and a lease, means an asset recognised in the company’s accounts to reflect the company’s right to use land as the tenant under the lease;

“relevant right-of-use impairment loss” has the meaning given in section 269ZY(2A).]

Textual Amendments

F26 S. 269ZYZA inserted (with effect in accordance with s. 30(17)-(19) of the amending Act) by Finance Act 2022 (c. 3), s. 30(14)

I **F27** **269ZYA** **Deductions allowance for company without a source of chargeable income**

- (1) This section applies in relation to a company and a financial year (“the relevant financial year”) if—
- the company has no source of chargeable income (see subsection (2)) throughout the relevant financial year, and
 - if the company is a member of a group (see section 269ZZB) at any time during the relevant financial year, each other company that is, at any time during the relevant financial year, a member of the group has no source of chargeable income throughout the relevant financial year.
- (2) For the purposes of this section and section 269ZYB, a company “has no source of chargeable income” if the company is either—
- not within the charge to corporation tax, or
 - chargeable to corporation tax only because of a chargeable gain accruing to the company on the disposal of an asset.
- (3) A company may make a claim under this section in respect of an accounting period if—
- the accounting period falls wholly within the relevant financial year, and
 - the company is chargeable to corporation tax for the accounting period only because of a chargeable gain accruing to the company on the disposal of an asset.
- (4) If a claim is made by a company under this section in respect of an accounting period (a “claim AP”), the company’s deductions allowance for the claim AP is the lower of—
- the available deductions allowance amount (see subsection (9)),
 - the total amount of allowable losses accruing to the company in any previous accounting period, so far as not previously deducted under section 2A(1)(a) or (b) of TCGA 1992, and
 - the chargeable gains accruing to the company in the claim AP.
- (5) A claim under this section in respect of an accounting period—
- must be made within the period of two years after the end of the accounting period, but
 - may not be made before the end of the relevant financial year.
- (6) Sections 269ZR to 269ZY (deductions allowances) do not apply to a claim AP.
- (7) Subsection (8) applies if—

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- (a) there is at least one claim AP falling wholly within the relevant financial year, and
 - (b) there is at least one accounting period falling wholly within the relevant financial year in respect of which no claim is made under this section (an “alternative AP”).
- (8) The company’s deductions allowance for an alternative AP is the lower of—
- (a) the deductions allowance that would be available, ignoring the effect of this section (see sections 269ZR to 269ZY), and
 - (b) the available deductions allowance amount (see subsection (9)).
- (9) For the purposes of this section, the “available deductions allowance amount” is—
- (a) £5,000,000, less
 - (b) the total of the deductions allowance amounts (if any) already claimed by—
 - (i) the company, and
 - (ii) if the company is a member of a group at any time during the relevant financial year, each other company that is, at any time during the relevant financial year, a member of the group,
 in respect of each claim AP and alternative AP that falls wholly within the relevant financial year.
- (10) In this section, references to the deductions allowance amounts claimed by a company in respect of an accounting period—
- (a) for a claim AP, are references to any deductions allowance claimed by the company under this section in respect of the period, and
 - (b) for an alternative AP, are references to any other amount specified in the company’s tax return as its chargeable gains deductions allowance for the period.
- (11) For the purposes of subsection (9)(b), in the cases listed in the first column of the table below, the rules in the second column apply to determine the order in which deductions allowance amounts are to be treated as claimed in respect of the accounting periods—

| <i>Case</i> | <i>Rule</i> |
|---|---|
| 1. There is a claim AP and another claim AP starting on the same day or a different day. | The order in which the claims under this section are made. |
| 2. There is an alternative AP (“AP1”) and another alternative AP (“AP2”) starting on a later day. | AP1 before AP2. |
| 3. There is an alternative AP and another alternative AP starting on the same day. | The order in which the tax returns for the alternative APs are delivered. |
| 4. There is a claim AP and an alternative AP starting on the same day, an earlier day or a later day. | The claim AP before the alternative AP. |

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Textual Amendments

F27 Ss. 269ZYA, 269ZYB inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 10, 42](#) (with [Sch. 4 paras. 43-46](#))

269ZYB Provisional application of section 269ZYA

- (1) This section applies in relation to a company and an accounting period if—
 - (a) the conditions in section [269ZYA\(3\)\(a\)](#) and [\(b\)](#) are met in relation to the accounting period, and
 - (b) the company's tax return for the accounting period is delivered before the end of the financial year in which the accounting period falls ("the relevant financial year").
- (2) The company may make a declaration in the return for the accounting period that—
 - (a) at all earlier times in the relevant financial year—
 - (i) the company had no source of chargeable income (see section [269ZYA\(2\)](#)), and
 - (ii) if the company is a member of a group, each other member of the group had no source of chargeable income, and
 - (b) the person intends to make a claim under section [269ZYA\(3\)](#) in respect of the accounting period.
- (3) Until the declaration ceases to have effect, section [269ZYA](#) has effect as if the company had made a claim under that section.
- (4) The declaration ceases to have effect if—
 - (a) it is withdrawn,
 - (b) it is superseded by a claim made under section [269ZYA](#), or
 - (c) the company or, if the company is a member of a group, another member of the group, acquires a source of chargeable income before the end of the relevant financial year.
- (5) So far as not previously ceasing to have effect under subsection [\(4\)](#), the declaration ceases to have effect two years after the end of the accounting period in respect of which it is made.
- (6) If the declaration ceases to have effect, all necessary adjustments must be made, by assessment, amendment of returns or otherwise.
- (7) Subsection [\(6\)](#) applies despite any limitation on the time within which assessments or amendments may be made.]

Textual Amendments

F27 Ss. 269ZYA, 269ZYB inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 10, 42](#) (with [Sch. 4 paras. 43-46](#))

269ZZ Company tax return to specify amount of deductions allowance

- (1) A company's tax return for an accounting period must specify—

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- (a) the amount of the company's deductions allowance for the period,
 - ^{F28}(aa) [if section 269ZWA (increase of deductions allowance for insolvent companies) applies, what that amount would be without the increase provided for by subsection (2) of that section,] and
 - (b) if section 269ZX (increase of deductions allowance [^{F29}in connection with onerous or impaired leases]) applies, what that amount would be without the increase provided for by subsection (3) of that section.
- (2) But subsection (1) applies only if the company makes for the accounting period a deduction to which section 269ZB(2), [^{F30}269ZBA(2),] 269ZC(2)[^{F31}, 269ZD(2) or 269ZFC(2)] applies.

Textual Amendments

F28 S. 269ZZ(1)(aa) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 9, 42](#) (with [Sch. 4 paras. 43-46](#))

F29 Words in s. 269ZZ(1)(b) substituted (with effect in accordance with s. 30(17)-(19) of the amending Act) by [Finance Act 2022 \(c. 3\)](#), [s. 30\(15\)](#)

F30 Word in s. 269ZZ(2) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 34\(a\), 42](#) (with [Sch. 4 paras. 43-46](#))

F31 Words in s. 269ZZ(2) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 34\(b\), 42](#) (with [Sch. 4 paras. 43-46](#))

269ZZA Excessive specifications of deductions allowance

- (1) This section applies if a company's tax return for an accounting period specifies an excessive amount as—
 - (a) the company's deductions allowance for the period,
 - (b) the company's trading profits deductions allowance for the period,
 - ^{F32}(ba) [the company's chargeable gains deductions allowance for the period,]
 - (c) the company's [^{F33}non-trading income profits deductions allowance] for the period,
 - (d) the company's contractor's ring fence profits deductions allowance for the period, or
 - ^{F34}(da) [the company's BLAGAB deductions allowance for the period.]
 - ^{F35}(e)
- (2) The company must, so far as it may do so, amend the company tax return so that the amount specified is not excessive.
- (3) If an officer of Revenue and Customs considers that an undue amount of relief has been given as a consequence of the amount specified being excessive, the officer may make an assessment to tax in the amount which in the officer's opinion ought to be charged.
- (4) If—
 - (a) the amount specified became excessive in consequence of an alteration being made to the amount of group deductions allowance allocated to the company for the accounting period concerned, and

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- (b) the company has failed, or is unable, to amend its company tax return in accordance with subsection (2),
an assessment under subsection (3) is not out of time if it is made within 12 months of the date on which the alteration took place.
- (5) The power in subsection (3) is without prejudice to the power to make a discovery assessment under paragraph 41(1) of Schedule 18 to FA 1998.

Textual Amendments

- F32** S. 269ZZA(1)(ba) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 35\(2\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F33** Words in s. 269ZZA(1)(c) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 35\(3\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F34** S. 269ZZA(1)(da) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 35\(4\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F35** S. 269ZZA(1)(e) omitted (with effect in relation to accounting periods beginning on or after 1.4.2020) by virtue of [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 35\(5\)](#), 42 (with [Sch. 4 paras. 43-46](#))

269ZZB Meaning of “group”

- (1) In this Part “group” means two or more companies which together meet the following condition.
- (2) The condition is that one of the companies is—
- (a) the ultimate parent of each of the other companies, and
 - (b) is not the ultimate parent of any other company.
- (3) A company (“A”) is the “ultimate parent” of another company (“B”) if—
- (a) A is the parent of B, and
 - (b) no company is the parent of both A and B.
- (4) A company (“A”) is the “parent” of another company (“B”) if—
- (a) B is a 75% subsidiary of A,
 - (b) A is beneficially entitled to at least 75% of any profits available for distribution to equity holders of B, or
 - (c) A would be beneficially entitled to at least 75% of any assets of B available for distribution to its equity holders on a winding up.
- (5) The following apply for the purposes of subsection (4)—
- (a) Chapter 6 of Part 5 (equity holders and profits or assets available for distribution) other than sections 169 to 182, and
 - (b) Chapter 3 of Part 24 (subsidiaries).

This is subject to subsections (6) and (7).

- (6) In applying Chapter 3 of Part 24 for the purposes of subsection (4)—
- (a) share capital of a registered society is to be treated as if it were ordinary share capital, and
 - (b) a company (“the shareholder”) that directly owns shares in another company is to be treated as not owning those shares if a profit on their sale would be a trading receipt of the shareholder.

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- (7) In applying Chapter 6 of Part 5 (other than sections 169 to 182) and Chapter 3 of Part 24 for the purposes of subsection (4), they are to be read with all modifications necessary to ensure that—
- (a) they apply to a company which does not have share capital, and to holders of corresponding ordinary holdings in such a company, in a way which corresponds to the way they apply to companies with ordinary share capital and holders of ordinary shares in such companies,
 - (b) they apply to a company which is an unincorporated association in a way which corresponds to the way they apply to companies which are bodies corporate,
 - (c) they apply in relation to ownership through an entity (other than a company), or any trust or other arrangement, in a way which corresponds to the way they apply to ownership through a company, and
 - (d) for the purposes of achieving paragraphs (a) to (c), profits or assets are attributed to holders of corresponding ordinary holdings in unincorporated associations, entities, trusts or other arrangements in a manner which corresponds to the way profits or assets are attributed to holders of ordinary shares in a company which is a body corporate.
- (8) In this section “corresponding ordinary holding” in an unincorporated association, entity, trust or other arrangement means a holding or interest which provides the holder with economic rights corresponding to those provided by a holding of ordinary shares in a body corporate]
- [^{F36}(9) For the purposes of the application of this Part in relation to a collective investment vehicle to which paragraph 4 of Schedule 5AAA to TCGA 1992 applies, the reference in paragraph 4(2) of that Schedule to “relevant purposes” is to be treated as including a reference to the purposes of this section.]

Textual Amendments

F36 S. 269ZZB(9) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by Finance Act 2020 (c. 14), **Sch. 4 paras. 11, 42** (with Sch. 4 paras. 43-46)

Changes to legislation:

There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross
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