

CORPORATION TAX ACT 2010

EXPLANATORY NOTES

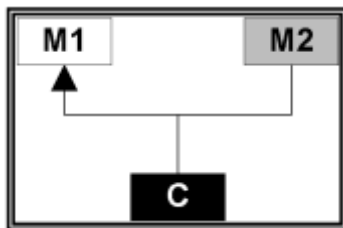
INTRODUCTION

Part 5: Group relief

Chapter 4: Claims for group relief

Section 143: Condition 1: surrendering company owned by consortium

553. This section is the basic rule about relief surrendered by a company to a member of the consortium that owns it. It is based on section 403C of ICTA.



554. *Subsection (1)* ties the section to consortium condition 1: that is, a case that does not involve a link company. Cases involving link companies are dealt with in sections 145 and 146.
555. *Subsection (2)* restricts the relief by reference to the consortium member's interest in the surrendering company.
556. *Subsection (3)* sets out what that interest is. Usually it is the proportion represented by the consortium member's shareholding in the surrendering company. But if that shareholding entitles the consortium member to a lower proportion of the surrendering company's profits or assets the lower proportion is used.
557. *Subsection (4)* deals with the case where the consortium member's interest in the surrendering company varies in the overlapping period (see section 142). In that case an average is taken.
558. *Subsection (5)* deals with the case where a trading company (T) is indirectly owned by a consortium through a holding company (H) (see section 185). In that case the various proportions referred to in the section are calculated by reference to the consortium member's (M1's) interest in H.

*These notes refer to the Corporation Tax Act 2010
(c.4) which received Royal Assent on 3 March 2010*

