

SCHEDULES

SCHEDULE 2

RESTRICTIONS APPLYING TO CERTAIN DEDUCTIONS MADE BY BANKING COMPANIES

PART 3

COMMENCEMENT AND ANTI-FORESTALLING PROVISION

Commencement

- 7 (1) The amendments made by paragraphs 1 to 5 of this Schedule have effect for the purposes of calculating the taxable total profits of companies for accounting periods beginning on or after 1 April 2015.
- (2) But section 269CK of CTA 2010 (inserted by this Schedule) does not have effect in relation to any arrangements made before 3 December 2014.
- (3) Sub-paragraph (4) applies where a company has an accounting period beginning before 1 April 2015 and ending on or after that date (“the straddling period”).
- (4) For the purposes of Chapter 3 of Part 7A of CTA 2010—
- (a) so much of the straddling period as falls before 1 April 2015, and so much of that period as falls on or after that date, are treated as separate accounting periods, and
 - (b) the profits or losses of the company for the straddling period are apportioned to the two separate accounting periods—
 - (i) in accordance with section 1172 of CTA 2010 (time basis), or
 - (ii) if that method would produce a result that is unjust or unreasonable, on a just and reasonable basis.
- 8 (1) The amendments made by paragraph 6 of this Schedule (and the amendments made by paragraphs 1 to 5, so far as relating to those amendments) have effect for accounting periods of CFCs beginning on or after 1 April 2015.
- (2) Sub-paragraph (3) applies where a CFC has an accounting period beginning before 1 April 2015 and ending on or after that date (“the straddling period”).
- (3) For the purposes of the amendments made by paragraph 6—
- (a) so much of the straddling period as falls before 1 April 2015, and so much of that period as falls on or after that date, are treated as separate accounting periods, and
 - (b) any amount charged on a company in accordance with section 371BC of TIOPA 2010 in relation to the straddling period is apportioned to the two separate accounting periods—
 - (i) on a time basis according to the respective lengths of the separate accounting periods, or

Status: This is the original version (as it was originally enacted).

- (ii) if that method would produce a result that is unjust or unreasonable, on a just and reasonable basis.
- (4) In determining whether an amount falls within section 371UD(9)(a) or (b) of TIOPA 2010 (inserted by this Schedule), paragraph 7(3) and (4) applies as it applies for the purposes of Chapter 3 of Part 7A of CTA 2010.
- (5) In this paragraph “CFC” has the same meaning as in Part 9A of TIOPA 2010.

Anti-forestalling provision

- 9 (1) This sub-paragraph applies if—
- (a) for the purposes of corporation tax a banking company has profits (“pre-commencement profits”) for an accounting period ending before 1 April 2015,
 - (b) in the absence of this paragraph the banking company would, for corporation tax purposes, be entitled to deduct from the pre-commencement profits for the accounting period an amount in respect of any relevant carried-forward losses,
 - (c) the pre-commencement profits arise as a result of any arrangements entered into on or after 3 December 2014, and
 - (d) the main purpose, or one of the main purposes, of the arrangements is to secure a corporation tax advantage as a result of the fact that Chapter 3 of Part 7A of CTA 2010 (inserted by this Schedule) is not to have effect for the accounting period for which the deduction would be made.
- (2) If sub-paragraph (1) applies, the banking company is not entitled to deduct from the pre-commencement profits any amount in respect of the relevant carried-forward losses.
- (3) Sub-paragraph (1) does not apply in relation to a banking company which falls within section 269B(5)(b) of CTA 2010 (inserted by this Schedule).
- (4) In this paragraph—
- “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);
 - “corporation tax advantage” means—
- (a) a relief from corporation tax or increased relief from corporation tax,
 - (b) a repayment of corporation tax or increased repayment of corporation tax,
 - (c) the avoidance or reduction of a charge to corporation tax or an assessment to corporation tax,
 - (d) the avoidance of a possible assessment to corporation tax, or
 - (e) the deferral of a payment of corporation tax or advancement of a repayment of corporation tax.
- (5) Terms used in this paragraph and in Chapter 3 of Part 7A of CTA 2010 have the same meaning in this paragraph as in that Chapter; and, so far as necessary for the purposes of this sub-paragraph, that Part is to be treated as having come into force on the same day as this paragraph.
- (6) This paragraph is treated as having come into force on 3 December 2014.

- (7) Sub-paragraph (8) applies where a company has an accounting period beginning before 1 April 2015 and ending on or after that date (“the straddling period”).
- (8) For the purposes of this paragraph—
- (a) so much of the straddling period as falls before 1 April 2015, and so much of that period as falls on or after that date, are treated as separate accounting periods, and
 - (b) the profits or losses of the company for the straddling period are apportioned to the two separate accounting periods—
 - (i) in accordance with section 1172 of CTA 2010 (time basis), or
 - (ii) if that method would produce a result that is unjust or unreasonable, on a just and reasonable basis.