

SCHEDULES

SCHEDULE 1

CAPITAL ALLOWANCES

PART 2

AMENDMENTS OF PART 1 OF CAA 2001

2 After section 6 insert—

“CHAPTER 1A

TRADES ATTRACTING NORTHERN IRELAND RATE OF CORPORATION TAX

6A “NIRE company” and “Northern Ireland SME company”

In this Act—

“NIRE company” means a company that is a Northern Ireland company for the purposes of Part 8B of CTA 2010 by virtue of the large company condition in section 357KA of that Act;

“Northern Ireland SME company” means a company that is a Northern Ireland company for the purposes of Part 8B of CTA 2010 by virtue of the SME condition in section 357KA of that Act.

6B “Northern Ireland firm” etc

- (1) This section has effect for the purposes of this Act.
- (2) “Northern Ireland firm” has the meaning given by section 357WA of CTA 2010.
- (3) If section 357WC of CTA 2010 (Northern Ireland profits etc of firm determined under Chapter 6 of Part 8B of that Act) applies to a Northern Ireland firm for a chargeable period, the partnership is a “Northern Ireland Chapter 6 firm” for any purpose for which that section applies.
- (4) If section 357WD of CTA 2010 (Northern Ireland profits etc of firm determined under Chapter 7 of Part 8B of that Act) applies to a Northern Ireland firm for a chargeable period, the partnership is a “Northern Ireland Chapter 7 firm” for any purpose for which that section applies.

6C “NI rate activity”

- (1) In this Act “NI rate activity” means—

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax (Northern Ireland) Act 2015, PART 2. (See end of Document for details)

- (a) a qualifying trade carried on by a Northern Ireland SME company, except to the extent that it is an excluded activity,
- (b) a qualifying trade, other than an excluded financial trade, carried on by a NIRE company, to the extent that the trade—
 - (i) is carried on through a Northern Ireland regional establishment of the company, and
 - (ii) does not consist of an excluded activity,
- (c) the back-office activities of an excluded financial trade carried on by a Northern Ireland SME company which has made an election for the purposes of section 357KB(2) of CTA 2010,
- (d) the back-office activities of an excluded financial trade carried on by a NIRE company which has made an election for the purposes of section 357KB(2) of CTA 2010, to the extent that those activities are carried on through the Northern Ireland regional establishment of the company,
- (e) a qualifying partnership trade carried on by a Northern Ireland Chapter 6 firm, except to the extent that it is an excluded activity,
- (f) a qualifying partnership trade, other than an excluded financial trade, carried on by a Northern Ireland Chapter 7 firm, to the extent that the trade—
 - (i) is carried on through a Northern Ireland regional establishment of the partnership, and
 - (ii) does not consist of an excluded activity,
- (g) the back-office activities of an excluded financial trade carried on by a Northern Ireland Chapter 6 firm which has made an election for the purposes of section 357WB(2) of CTA 2010, or
- (h) the back-office activities of an excluded financial trade carried on by a Northern Ireland Chapter 7 firm which has made an election for the purposes of section 357WB(2) of CTA 2010, to the extent that those activities are carried on through the Northern Ireland regional establishment of the partnership.

(2) In subsection (1)—

“back-office activities” has the same meaning as in Part 8B of CTA 2010 (see section 357XI of that Act);

“excluded financial trade” means a trade that is an excluded trade for the purposes of Part 8B of CTA 2010 merely because it falls within one or more of the following provisions of that Act—

- (a) section 357XB (lending and investment),
- (b) section 357XC (investment management), or
- (c) section 357XE (re-insurance trade);

“Northern Ireland regional establishment” has the same meaning as in Part 8B of CTA 2010 (see Chapter 5 of that Part as read, in relation to a partnership, with section 357WA(4) of that Act);

“qualifying partnership trade” has the same meaning as in Part 8B of CTA 2010 (see section 357WB of that Act);

“qualifying trade” has the same meaning as in Part 8B of CTA 2010 (see section 357KB of that Act).

6D NI rate activity treated as separate trade

- (1) For the purposes of this Act, the NI rate activity carried on by a Northern Ireland SME company or a NIRE company is to be treated as a separate trade, distinct from any other activities carried on by the company as part of the trade.
- (2) For the purposes of the corporate partner calculation, the NI rate activity carried on by a Northern Ireland firm is to be treated as a separate trade, distinct from any other activities carried on by the firm as part of the trade.
- (3) In this Act “the corporate partner calculation”, in relation to a trade carried on by a Northern Ireland firm, means the determination of the allowances and charges to which effect is to be given under this Act in determining under subsection (3) or (4) of section 1259 of CTA 2009 (calculation of firm's profits and losses) the amount of the profits of the trade chargeable to corporation tax.

6E Giving effect to allowances and charges: NI rate activity cases

- (1) This section applies if a Northern Ireland SME company or a NIRE company is entitled or liable to—
 - (a) an allowance or charge under Part 2 (plant and machinery allowances) where the qualifying activity is a trade,
 - (b) an allowance or charge under Part 3A (business premises renovation allowances),
 - (c) an allowance or charge under Part 5 (mineral extraction allowances),
 - (d) an allowance or charge under Part 6 (research and development), or
 - (e) an allowance under Part 9 (dredging allowances).
- (2) For the purposes of the corporate partner calculation, this section also applies if a Northern Ireland firm is entitled or liable to an allowance or charge falling within any of subsection (1)(a) to (e).
- (3) The allowance or charge is to be given effect in calculating the profits of the trade, by treating—
 - (a) the allowance as an expense of the trade, and
 - (b) the charge as a receipt of the trade.
- (4) If the allowance or charge relates to an NI rate activity, it is treated for the purposes of Part 8B of CTA 2010 (trading profits taxable at the Northern Ireland rate) as forming part of the Northern Ireland profits or Northern Ireland losses of the trade.
- (5) If the allowance or charge relates to a main rate activity, it is treated for the purposes of Part 8B of CTA 2010 as forming part of the mainstream profits or mainstream losses of the trade.
- (6) In this section—
 - (a) “the trade” means the trade carried on by the company or partnership (disregarding for this purpose section 6D), and
 - (b) “main rate activity” means so much of the trade as is not an NI rate activity.”

Changes to legislation:

There are currently no known outstanding effects for the Corporation Tax (Northern Ireland) Act 2015, PART 2.