
Changes to legislation: Finance (No. 2) Act 2017, Paragraph 15 is up to date with all changes known to be in force on or before 05 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

SCHEDULES

SCHEDULE 7

TRADING PROFITS TAXABLE AT THE NORTHERN IRELAND RATE

PART 1

AMENDMENTS RELATING TO SMES

Amendments of CTA 2010

15 After section 357WB, insert—

“357WBA Northern Ireland workforce partnership conditions

- (1) The Northern Ireland workforce partnership conditions, in relation to a period, are—
 - (a) that 75% or more of the working time that is spent in the United Kingdom during the period by members of the firm's workforce is spent in Northern Ireland, and
 - (b) that 75% or more of the firm's workforce expenses that are attributable to working time spent in the United Kingdom during the period by members of the firm's workforce are attributable to time spent in Northern Ireland.
- (2) References in this section to members of the firm's workforce are to—
 - (a) employees of the firm,
 - (b) externally provided workers in relation to the firm, and
 - (c) individuals who are partners in the firm.
- (3) In subsection (2) “externally provided worker”, in relation to a firm, has the same meaning as in Part 13 of CTA 2009 (see section 1128 of that Act).

In the application of section 1128 of that Act for the purposes of subsection (2), references to a company are to be read as references to a firm and references to a director are to be treated as omitted.
- (4) References in this section to the working time spent by members of the firm's workforce in a place are to the total time spent by those persons in that place while providing services to the firm.
- (5) References in this section to “the firm's workforce expenses” are, where the period is an accounting period of the firm, to the total of the deductions made by the firm in the period in respect of members of the firm's workforce in calculating the profits of the firm's trade.

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- (6) References in this section to “the firm's workforce expenses” are, where the period is not an accounting period of the firm, to the total of—
 - (a) the deductions made by the firm in any accounting period falling wholly within the period, and
 - (b) the appropriate proportion of the deductions made by the firm in any accounting period falling partly within the period,
 in respect of members of the firm's workforce in calculating the profits of the firm's trade.
- (7) For the purposes of subsection (6)(b), “the appropriate proportion” is to be determined by reference to the number of days in the periods concerned.
- (8) The Commissioners for Her Majesty's Revenue and Customs may by regulations specify descriptions of deduction that are, or are not, to be regarded for the purposes of this section as made in respect of members of a firm's workforce.
- (9) Regulations under this section—
 - (a) may make different provision for different purposes;
 - (b) may make incidental, supplemental, consequential and transitional provision and savings.
- (10) Section 357WBB contains supplementary provision applying for the purposes of this section.

357WBB Section 357WBA: supplementary

- (1) References in section 357WBA or this section to a partner in the firm include any person entitled to a share of income of the firm.
- (2) In determining for the purposes of section 357WBA the amount of working time that is spent in any place by a partner in the firm, time spent by the partner in that place is to be included where—
 - (a) the time is spent by the partner in providing services to a person other than the firm (“the third party”), and
 - (b) condition A or B is met.
- (3) Condition A is that the provision of the services results in a payment being made (whether directly or indirectly) to the firm by—
 - (a) the third party, or
 - (b) a person connected with the third party.
- (4) Condition B is that—
 - (a) the firm holds a right that it acquired (whether directly or indirectly) from the partner, and
 - (b) any payment in connection with that right is made (whether directly or indirectly) to the firm by—
 - (i) the third party, or
 - (ii) a person connected with the third party.
- (5) Section 1122 (connected persons) applies for the purposes of this section.

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- (6) References in section 357WBA to deductions made in respect of the members of the firm's workforce in calculating profits of the firm's trade include, in relation to a partner in the firm, the appropriate notional consideration for services provided by the partner (see subsections (7) and (8)).
- (7) For the purposes of subsection (6), “the appropriate notional consideration for services” provided by a partner is—
 - (a) the amount which the partner would receive in consideration for services provided to the firm by the partner during the period in question, were the consideration to be calculated on the basis mentioned in subsection (8), less
 - (b) any amount actually received in consideration for such services which is not included in the partner's profit share.
- (8) The consideration mentioned in subsection (7)(a) is to be calculated on the basis that the partner is not a partner in the firm and is acting at arm's length from the firm.

357WBC “Disqualified firm”

- (1) For the purposes of this Chapter, a firm is a “disqualified firm” in relation to a period if conditions A and B are met.
- (2) Condition A is that the firm has a NIRE in the period as a result of tax-avoidance arrangements.
- (3) Condition B is that—
 - (a) 50% or more of the working time that is spent in the United Kingdom during the period by members of the firm's workforce is working time spent by partners otherwise than in Northern Ireland, or
 - (b) 50% or more of the firm's workforce expenses that are attributable to working time spent in the United Kingdom during the period by members of the firm's workforce are attributable to working time spent by partners otherwise than in Northern Ireland.
- (4) For the purposes of this section “tax avoidance arrangements” means arrangements the sole or main purpose of which is to secure that any profits or losses of the firm for the period are Northern Ireland profits or losses.
- (5) In subsection (4) “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).
- (6) The following provisions apply for the purposes of this section as they apply for the purposes of section 357WBA (Northern Ireland workforce partnership conditions)—
 - (a) subsections (2) to (5) of that section;
 - (b) regulations made under that section;
 - (c) section 357WBB.”

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. A1 para. 8(6)(b) omitted by [2022 c. 3 Sch. 1 para. 32\(b\)](#)
- Sch. A1 para. 8(2) substituted by [2022 c. 3 Sch. 1 para. 32\(a\)](#)