
*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 2021, SCHEDULE 8. (See end of Document for details)*

SCHEDULES

SCHEDULE 8

Section 37

RELIEF FROM CORPORATION TAX FOR LOSSES AND OTHER AMOUNTS

PART 1

ALLOCATION OF DEDUCTIONS ALLOWANCE OF FORMER GROUPS

- 1 Part 7ZA of CTA 2010 (restrictions on deductions for carried-forward losses and other amounts) is amended as follows.
- 2 After section 269ZS (group deductions allowance and the nominated company) insert—

“269ZSA Group allowance nomination: former groups

- (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—
 - (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.

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(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.”

3 After section 269ZV (group allowance allocation statement: requirements and effects) insert—

“269ZVA Group allowance allocation statement: former groups

(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 (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.”

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PART 2

OTHER AMENDMENTS OF CTA 2010

Amendments of section 137 of CTA 2010

- 4 In section 137 of CTA 2010 (deductions from total profits for claims for group relief), in subsection (5)—
- (a) omit paragraph (d);
 - (b) at the end insert—
 - “(e) of a type to which section 269ZB(2), 269ZBA(2), 269ZC(2) or 269ZD(2) of Part 7ZA (restrictions on deductions for carried-forward losses and other amounts) could apply.”

Amendments of Part 5A of CTA 2010

- 5 Part 5A of CTA 2010 (group relief for carried-forward losses) is amended as follows.
- 6 In section 188BE (restriction on surrendering losses etc where surrendering company could use them itself), for the existing text substitute—
- “The surrendering company may not surrender under this Chapter any loss or other amount carried forward to the surrender period to the extent that the loss or other amount could be deducted from the total profits of the company for the period at Step 2 of section 4(2).”
- 7 (1) Section 188DD (claimant company's relevant maximum for overlapping period) is amended as follows.
- (2) In subsection (3), for “269ZD(6)” substitute “ 269ZDA ”.
- (3) In subsection (3A)—
- (a) in paragraph (a), for “qualifying trading profits and qualifying non-trading profits” substitute “ modified total profits ”;
 - (b) in paragraph (b), for “in determining” substitute “ which could be relieved against ”.

Amendments of Part 7ZA of CTA 2010

- 8 Part 7ZA of CTA 2010 is amended as follows.
- 9 In section 269ZF(3) (steps for determining a company's qualifying trading profits, qualifying non-trading income profits and qualifying chargeable gains), in paragraph (2) of step 2—
- (a) for “sum,” substitute “sum—
 - (a)”;
 - (b) at the end insert “, and
 - (b) ignore any amount (or any part of any amount) which could be relieved against the company's total profits of the accounting period on the making of a claim in respect of the amount (or part) if a claim is not in fact made in respect of it.”

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- 10 In section 269ZFA (“relevant profits” for purposes of section 269ZD), in subsection (1), after paragraph (b) insert—
- “But if the allowance mentioned in paragraph (b) exceeds the profits mentioned in paragraph (a), the company’s “relevant profits” for the accounting period are nil.”
- 11 (1) Section 269ZT (group allowance allocation statement: submission) is amended as follows.
- (2) In subsection (1), for “and (3)” substitute “ to (3A) ”.
- (3) After subsection (3) insert—
- “(3A) A company need not submit a group allowance allocation statement to HMRC for an accounting period if the statement would, if submitted, allocate no amount of group deductions allowance in accordance with section 269ZV(3)(f).”
- (4) In subsection (4), for the words from “before” to the end substitute “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.”
- 12 In section 269ZV(5) (maximum amount of group deductions allowance that may be allocated to a listed company by a group allowance allocation statement)—
- (a) In the definition of “DAP”—
- (i) in paragraph (a), after “period” insert “ on which the nominee was the nominated company in relation to the group ”;
- (ii) in paragraph (b), after “which the” insert “ listed ”;
- (b) in the definition of “DNAP”, after “period” insert “ on which the nominee was the nominated company in relation to the group ”.

Amendments of Chapter 7 of Part 14 of CTA 2010

- 13 Chapter 7 of Part 14 of CTA 2010 (meaning of “change in the ownership of a company”) is amended as follows.
- 14 In section 719(4A) (certain acquisitions giving rise to a change in the ownership of a company) for “2D” substitute “ 2E ”.
- 15 In section 721(4) (things other than ordinary share capital that may be taken into account in determining change in ownership), after “2D,” insert “ 2E, ”.

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PART 3

COMMENCEMENT AND TRANSITIONAL PROVISION

Commencement

- 16 (1) The amendments made by paragraphs 2 and 3 have effect in relation to accounting periods beginning on or after 1 April 2017.
- (2) Where a company has an accounting period beginning before 1 April 2017 and ending on or after that date (“the straddling period”)—
- (a) so much of the straddling period as falls before 1 April 2017, and so much of that period as falls on or after that date, are treated as separate accounting periods, and
 - (b) where it is necessary to apportion an amount for the straddling period to the two separate accounting periods, it is to be apportioned—
 - (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.
- 17 The amendments made by paragraphs 4, 6 and 11 have effect in relation to accounting periods beginning on or after 1 April 2021.
- 18 The amendments made by paragraph 7 have effect as if they had been made by Schedule 4 to FA 2020 (see Part 3 of that Schedule).
- 19 The amendments made by paragraphs 9 and 10 are to be treated as having always had effect.
- 20 The amendments made by paragraph 12 have effect in relation to a group allowance allocation statement submitted under section 269ZT or 269ZU of CTA 2010 in respect of an accounting period beginning on or after 1 April 2021.
- 21 The amendments made by paragraphs 14 and 15 have effect in relation to an acquisition that takes place on or after 1 April 2021.

Transitional provision

- 22 (1) This paragraph applies where—
- (a) section 269ZSA of CTA 2010 (inserted by paragraph 2 of this Schedule) applies in relation to a group (see section 269ZSA(1)),
 - (b) the group ceased to be a group for the purposes of Part 7ZA of CTA 2010 before the date on which this Act is passed, and
 - (c) one or more (but not all) of the companies that were, immediately before the group ceased to be a group for those purposes, members of the group and within the charge to corporation tax (the “former group companies”) no longer exist.
- (2) If two or more of the former group companies still exist—
- (a) section 269ZSA(2) of CTA 2010 has effect as if the reference to all the companies mentioned in that provision were to all the former group companies that still exist;
 - (b) section 269ZS(6) of CTA 2010, as it has effect by virtue of section 269ZSA(5)(b) of that Act, has effect as if the reference to each

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company mentioned in that provision were to each former group company that still exists.

- (3) If only one of the former group companies still exists—
 - (a) section 269ZSA(2) of CTA 2010 has effect as if it enabled that company to nominate itself for the purposes of Part 7ZA of that Act;
 - (b) section 269ZS(6) of CTA 2010, as it has effect by virtue of section 269ZSA(5)(b) of that Act, has effect as if it provided that a group allowance nomination is of no effect unless it is signed by the appropriate person on behalf of that company.
- 23 (1) This paragraph applies where, in a case to which section 269ZVA of CTA 2010 (inserted by paragraph 3 of this Schedule) applies—
 - (a) the company that was the nominated company under the group allowance nomination mentioned in section 269ZVA(1)(b) of CTA 2010 must submit a group allowance allocation statement to HMRC (under section 269ZT of that Act, as that section has effect by virtue of section 269ZVA of that Act), and
 - (b) the date given by section 269ZT(4) of CTA 2010, as the date on or before which the statement must be received by HMRC, is earlier than 31 March 2022.
- (2) For the purposes of Part 7ZA of CTA 2010, section 269ZT(4) of that Act is satisfied if the statement is received by HMRC on or before 31 March 2022.

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