

2017 No.

CORPORATION TAX

**The Corporate Interest Restriction (Consequential Amendments)
Regulations 2017**

<i>Made</i>	- - - -	***
<i>Laid before the House of Commons</i>		***
<i>Coming into force</i>	- -	***

The Treasury, in exercise of the powers conferred by sections 17(3) and 18 of the Finance (No. 2) Act 2005(a), section 45 of the Finance Act 2009(b), section 624 of the Corporation Tax Act 2010(c), [paragraph 28 of Schedule * to] the Finance Act 2017(d), make the following Regulations:

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Corporate Interest Restriction (Consequential Amendments) Regulations 2017 and come into force on **** 2017.

(2) The Regulations have effect for accounting periods beginning on or after 1 April 2017.

(3) An accounting period beginning before and ending after 1 April 2017 is to be treated for the purposes of these Regulations as if so much of the accounting period as falls before that date, and so much of the period as falls on or after that date, were separate accounting periods.

(4) Where it is necessary to apportion an amount to the two separate accounting periods, it is to be apportioned on a just and reasonable basis.

Amendments to the Authorised Investment Funds (Tax) Regulations 2006

2.—(1) The Authorised Investment Funds (Tax) Regulations 2006(e) are amended as follows.

(2) In regulation 18 (interest distributions: general), after paragraph (2) insert—

“(2A) For the purposes of Part 10 (Corporate Interest Restriction) of TIOPA 2010, an interest distribution is treated as not being a tax-interest expense amount(f) of the authorised investment fund.”

(3) In regulation 69Z16 (PAIF distributions (interest))(g), after paragraph (2) insert—

(a) 2005 c. 22.

(b) 2009 c. 10, amended by paragraphs 706 and 710 of Schedule 1 to the Corporation Tax Act 2010 (c. 4).

(c) 2010 c. 4.

(d) 2017 c. *.

(e) S.I. 2006/964; relevant amending instruments are S.I. 2008/705 and 2009/2036.

(f) A new Part 10 was inserted into the Taxation (International and Other Provisions) Act 2010 (c. 8), inserted by paragraph * of Schedule * to the Finance Act 2017; “tax-interest expense amount” is defined in section [382] of that Part.

(g) Regulation 69Z16 was inserted by S.I. 2008/705.

“(2A) For the purposes of Part 10 (Corporate Interest Restriction) of TIOPA 2010, a PAIF distribution (interest) is treated as not being a tax-interest expense amount of the company.”

(4) In regulation 69Z61 (TEF distributions (non-dividend))(a), after paragraph (2) insert—

“(2A) For the purposes of Part 10 (Corporate Interest Restriction) of TIOPA 2010, a TEF distribution (non-dividend) is treated as not being a tax-interest expense amount of the Tax Elected Fund.”

Amendment to the Taxation of Securitisation Companies Regulations 2006

3.—(1) The Taxation of Securitisation Companies Regulations 2006(b) are amended as follows.

(2) At the end insert—

“22.—(1) For the purposes of Part 10 (Corporate Interest Restriction) of TIOPA 2010—

(a) the net tax-interest income(c) for an accounting period of the securitisation company is the sum of—

(i) the amount of profit calculated under regulation 14 for that period, and

(ii) the amount of any management fee paid in that period by the securitisation company to another UK group company(d) in relation to the management of assets held by the securitisation company for the purposes of the capital market arrangement; and

(b) the adjusted corporation tax earnings(e) of the securitisation company for an accounting period is a negative amount equal to the amount in paragraph (a)(ii).

(2) Section [410(3)(b)] (qualifying net group-interest expense, results dependent securities) of that Act(f) does not apply in relation to any interest paid or other distribution made by a securitisation company.”

Amendment to the Taxation of Insurance Securitisation Companies Regulations 2007

4.—(1) The Taxation of Insurance Securitisation Companies Regulations 2007(g) are amended as follows.

(2) At the end insert—

“The Taxation (International and Other Provisions) Act 2010

12. Section [410(3)(b)] (qualifying net group-interest expense, results dependent securities) of TIOPA 2010 does not apply in relation to any interest paid or other distribution made by an insurance securitisation company.”

Amendment of the Investment Trusts (Dividends) (Optional Treatment as Interest Distributions) Regulations 2009

5.—(1) Amend the Investment Trusts (Dividends) (Optional Treatment as Interest Distributions) Regulations 2009(h) as follows.

(a) Regulation 69Z61 was inserted by S.I. 2009/2036.

(b) S.I. 2006/3296, to which there are amendments not relevant to these Regulations.

(c) “The net tax-interest income” is defined in section [389] of the Taxation (International and Other Provisions) Act 2010 inserted by paragraph * of Schedule * to the Finance Act 2017.

(d) “UK group company” is defined in section [473] of the Taxation (International and Other Provisions) Act 2010 inserted by paragraph * of Schedule * to the Finance Act 2017.

(e) “Adjusted corporation tax earnings” is defined in section [402(2)] of the Taxation (International and Other Provisions) Act 2010 inserted by paragraph * of Schedule * to the Finance Act 2017.

(f) Section [410] was inserted by paragraph * of Schedule * to the Finance Act 2017.

(g) S.I. 2007/3402, to which there are amendments not relevant to these Regulations.

(h) S.I. 2009/2034, to which there are amendments not relevant to these Regulations.

(2) In Part 2, after regulation 12 insert—

“Application of corporate interest restriction rules

12A. For the purposes of Part 10 (Corporate Interest Restriction) of TIOPA 2010, an interest distribution is treated as not being a tax-interest expense amount of the company.”

Name

Name

Date Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for the

Authority for the retrospective effect is given by [paragraph 28 of Schedule * to] the Finance Act 2017.

[A Tax Information and Impact Note covering this instrument was published on [date] alongside [description of the legislation/draft legislation/other] and is available on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>. It remains an accurate summary of the impacts that apply to this instrument.]