
S T A T U T O R Y I N S T R U M E N T S

2015 No. XXX

CORPORATION TAX

**The Corporation Tax (Instalment Payments) (Amendment)
Regulations 2015**

Made - - - - -

Laid before the House of Commons

**

Coming into force - - -

The Treasury, in exercise of the powers conferred by section 59E of the Taxes Management Act 1970(a), make the following Regulations:

Citation and commencement

- 1.—(1) These Regulations may be cited as the Corporation Tax (Instalment Payments) (Amendment) Regulations 2015 and come into force on xx yyy zzzz.
- (2) These Regulations have effect in relation to accounting periods beginning on or after 1st April 2017.

Amendment of the Corporation Tax (Instalment Payments) Regulations 1998

2. The Corporation Tax (Instalment Payments) Regulations 1998(b) are amended as follows.

Amendment of regulation 2

- 3.—(1) In regulation 2(1) (interpretation)—
 - (a) for the definition of “large company” substitute—
“large company” has the meaning given by regulation 3(1) or 3A;”;
 - (b) after the definition of “large company” insert—
“related 51% group companies” has the same meaning as it has in section 279F of CTA 2010;”;
 - (c) after the definition of “the Management Act”, omit “and”;
 - (d) for the definition of “the Taxes Act” substitute—
“the Taxes Act” means the Income and Corporation Taxes Act 1988; and”;
 - (e) after that definition insert—
“very large company” has the meaning given by regulation 3(2) or 3A.”.

(a) 1970 c. 9. Section 59E was inserted by section 30(1) of the Finance Act 1998 (c. 36).

(b) S.I. 1998/3175 as amended by S.I. 1999/1929, 2000/892, 2005/889, 2008/2649, 2011/1785 and 2014/2409.

(2) In regulation 2(3) (interpretation of total liability), for “References in these Regulations” substitute “Except as provided by regulation 3A, references in these Regulations”.

Amendment of regulation 3

4. For regulation 3 (large companies) substitute—

“Large and very large companies

3.—(1) Subject to paragraphs (3) to (5), a company (other than a relevant entity or a responsible member) is a large company under this regulation in respect of an accounting period if its profits in that period exceed £1.5 million but do not exceed £20 million.

(2) Subject to paragraphs (3) and (4), a company (other than a relevant entity or a responsible member) is a very large company under this regulation in respect of an accounting period if its profits in that period exceed £20 million.

(3) The amounts of profits specified in paragraphs (1) and (2) are subject to the provisions in paragraphs (8) and (10).

(4) A company is not in respect of an accounting period—

- (a) a large company by virtue of paragraph (1); or
- (b) a very large company by virtue of paragraph (2),

if its total liability for the period does not exceed £10,000 (or such amount as applies by virtue of paragraph (10)).

(5) A company is not in respect of an accounting period (“AP”) a large company under this regulation where the profits of the company in AP do not exceed £10 million (or such amount as applies by virtue of paragraphs (8) and (10)) and—

- (a) during any part of the period (“AP-12”) of 12 months immediately preceding AP, the company did not exist or did not have an accounting period; or
- (b) in respect of any accounting period which fell within or ended in AP-12 the company was not—
 - (i) a large company other than by reason of the operation of this paragraph, or
 - (ii) a very large company.

(6) Paragraph (8) applies where a company has one or more related 51% group companies in an accounting period.

(7) For the purposes of this regulation, the number (“N”) of related 51% group companies of a company in an accounting period (“AP”) is to be determined as the number existing—

- (a) at the end of the accounting period (“AP-1”) immediately preceding AP; or
- (b) where there is no AP-1 or AP-1 did not end on the day before AP commenced, as the number existing at the commencement of AP.

(8) Where this paragraph applies by virtue of paragraph (6), whether a company is (or is not) a large company or a very large company in respect of an accounting period under this regulation is to be determined with the following modifications—

- (a) in paragraph (1), for “£1.5 million” substitute “£1.5 million/1+N”;
- (b) in paragraphs (1) and (2), for “£20 million” substitute “£20 million/1+N”; and
- (c) in paragraph (5), for “£10 million” substitute “£10 million/1+N”,

but the amounts in subparagraphs (a), (b) and (c) are subject to the provisions in paragraph (10).

(9) Except where paragraph (4) applies, whether a company is (or is not) a large company or a very large company under this regulation is to be determined as it would have been determined apart from sections 330 (supplementary charge in respect of ring fence trades) and 331 (meaning of “financing costs” etc) of CTA 2010.

(10) Where an accounting period is a period of less than 12 months, whether a company is (or is not) a large company or a very large company in respect of that period under this regulation is to be determined by making a proportionate reduction to the following amounts—

- (a) £10,000 in paragraph (4);
- (b) £1.5 million in paragraph (1) and £1.5 million/1+N in paragraph (8);
- (c) £10 million in paragraph (5) and £10 million/1+N in paragraph (8); and
- (d) £20 million in paragraphs (1) and (2) and £20 million/1+N in paragraph (8).

Large and very large companies: bank levy

3A.—(1) This regulation applies where a company is a relevant entity or a responsible member.

(2) Subject to paragraphs (4) to (7), a company is a very large company under this regulation in respect of an accounting period if its profits in that period exceed £20 million.

(3) A company which is not a very large company in respect of an accounting period under paragraph (2) is a large company under this regulation in respect of that period.

(4) A company is not in respect of an accounting period a very large company under paragraph (2) if its total liability for the period does not exceed £10,000 (or such amount as applies by virtue of paragraph (7)).

(5) Where in an accounting period a company has one or more related 51% group companies, whether the company is (or is not) a very large company under this regulation in respect of that period is to be determined by substituting in paragraph (2) “£20 million/1+N” for “£20 million”.

(6) The amount of “£20 million/1+N” in paragraph (4) is subject to paragraph (7).

(7) Where an accounting period is a period of less than 12 months, whether a company is (or is not) a very large company in respect of that period under this regulation is to be determined by making a proportionate reduction to the amount of—

- (a) £20 million in paragraph (2);
- (b) £20 million/1+N in paragraph (4); and
- (c) £10,000 in paragraph (4).

(8) For the purposes of this regulation—

- (a) “N” has the same meaning as it has for the purposes of regulation 3”; and
- (b) “total liability” excludes any amount of bank levy payable.

Payment dates: very large companies

5. After regulation 5 (instalment payments – principal provision) insert—

“Instalment payments: very large companies: days for payment

5AZA.—(1) Except in respect of any amount falling within regulation 5AZC or 5A, amounts in respect of the total liability of a very large company for an accounting period are due and payable on the following days.

(2) Where the accounting period is 12 months—

- (a) the first instalment is due on the day (“instalment 1 day”) which is 2 months and 13 days after the first day of the accounting period; and
- (b) the second instalment is due on the day (“instalment 2 day”) which is 3 months later than instalment 1 day;
- (c) the third instalment is due on the day (“instalment 3 day”) which is 3 months later than instalment 2 day; and

- (d) the final instalment is due on the day (“the final instalment day”) which is 3 months later than instalment 3 day.
- (3) Where the accounting period is less than 12 months, steps 1 to 5 apply.
- (4) Step 1 is to determine if the accounting period ends—
- on the last day of the month, in which case find the day which falls 14 days after the last day of the previous month and apply step 2;
 - other than on the last day of the month and where there is an equivalent day in the previous month, in which case find the day which falls 14 days after the corresponding day in the previous month and apply step 2; or
 - other than on the last day of the month and where there is not an equivalent day in the previous month, in which case find the day which falls 14 days after the last day in the previous month and apply step 2.
- (5) Step 2 is to determine if the day found under step 1 falls on or before the first day of the accounting period and—
- if it does, an instalment is due on the last day (“the only instalment day”) of the accounting period and no further steps apply; or
 - if it does not, an instalment is due on the day found under step 1 (“the final instalment day”) and apply step 3.
- (6) Step 3 is to determine if the day (“D1”) which falls 2 months and 13 days after the first day of the accounting period falls on or after the final instalment day and—
- if it does, the final instalment day becomes the only instalment day and no further steps apply; or
 - if it does not, an instalment is due on D1 (“instalment 1 day”) and apply step 4.
- (7) Step 4 is to determine if the day (“D2”) which falls 3 months later than instalment 1 day falls on or after the final instalment day and—
- if it does, no further steps apply; or
 - if it does not, an instalment is due on D2 (“instalment 2 day”) and apply step 5.
- (8) Step 5 is to determine if the day (“D3”) which falls 3 months later than instalment 2 day falls before the final instalment day and only if it does is an instalment due on D3 (“instalment 3 day”).

Instalment payments: very large companies: calculation of payment except bank levy and ring fence profits and adjusted ring fence profits

- 5AZB.** (1) The amount (“CTI”) which comprises a very large company’s total liability for an accounting period (less any amount falling within regulation 5AZC or 5A) is due and payable on the instalment days set out in this regulation.
- (2) Where the only instalment day applies, all of CTI is due and payable on that day.
- (3) The amount due and payable on—
- as applicable—
 - instalment 1 day, is the lesser of CTI and the formula amount; and
 - instalment 2 day and instalment 3 day, is the lesser of CTI-B and the formula amount; and
 - the final instalment day, is CTI-B.
- (4) In paragraph (3)—
- “B” means the amount of CTI required to be paid on each previous instalment day; and
- “the formula amount” means the amount produced by—

$$3x(CTI / (wm + wmd))$$

where—

“wm” is the number of whole months falling within the accounting period;

“wmd” is the decimal (calculated to two places rounded arithmetically where necessary) of the fraction R/30, where “R” is the number of days in an accounting period outside the whole months represented by “wm”.

(5) In this regulation the days listed in paragraph (6) have the same meaning in this regulation as they have in regulation 5AZA, and “instalment days” in paragraph (1) means any of those days.

(6) The days referred to in paragraph (5) are—

“the final instalment day”;

“instalment 1 day”, “instalment 2 day” and “instalment 3 day”; and

“the only instalment day”.

Instalment payments: very large companies: bank levy

5AZC.—(1) A very large company’s total liability for an accounting period for bank levy is due and payable as provided by paragraphs (3) to (9) of regulation 5, but with the following modifications of paragraphs (5) and (6) of that regulation.

(2) The modifications referred to in paragraph (1) are—

(a) in the formula in paragraph (5), for “CTI” substitute “BL”;

(b) for the definition of “CTI” in paragraph (5) substitute—

““BL” is the total amount of the company’s liability to bank levy for the accounting period, and”, and

(c) in paragraph (6), for “CTI” substitute “BL.”.

Amendment of regulation 5A

6.—(1) The following amendments apply to regulation 5A (instalment payments – ring fence profits and adjusted ring fence profits).

(2) In paragraph (1), after “large company” insert “or very large company”.

(3) In paragraph (5)—

(a) omit subparagraph (a); and

(b) in sub-paragraph (b), omit “thereafter,”.

Amendment of regulation 5B

7.—In paragraph (3) of regulation 5B (instalment payments – the bank levy – anti-avoidance), for “regulation 5(3)” substitute “regulation 5 or 5AZC”.

Amendment of regulation 6

8.—(1) The following amendments apply to regulation 6 (repayment of amounts in respect of a large company’s total liability for an accounting period).

(2) For the title to regulation 6, substitute “**Repayments: large companies and very large companies**”.

(3) In paragraph (1), after “large company” insert “or very large company”.

(4) In paragraph (1)(a), for “regulation 4A, 4B, 4C, 4D, 5, 5A or 5B (as the case may be)” substitute “these Regulations”.

Amendment of regulation 7

9.—(1) The following amendments apply to regulation 7 (interest on unpaid amounts of a large company's total liability for an accounting period).

(2) For the title to regulation 7, substitute “**Interest on unpaid amounts: large companies and very large companies**”.

(3) In paragraph (1), after “large company” insert “or a very large company”.

(4) In paragraph (2) in the inserted text, for “for an accounting period in accordance with regulation 4A, 4B, 4C, 4D, 5, 5A or 5B (as the case may be) of” substitute “or a very large company for an accounting period in accordance with”.

(5) In paragraph (4) in the inserted text, after “large company” insert “or a very large company”.

(6) In paragraph (5) in the inserted text, for “has the meaning given by regulation 3 of” substitute “and “very large company” have the meanings given in”.

Amendment of regulation 8

10.—(1) The following amendments apply to regulation 8 (interest on overpaid amounts of a company's total liability for an accounting period).

(2) In paragraph (1)(a)—

- (i) after “large company” insert “or a very large company”; and
- (ii) for “regulation 4A, 4B, 4C, 5, 5A or 5B” substitute “the Regulations”.

(3) In paragraph (1)(b), after “large company” insert “or a very large company”.

(4) In paragraph (2)(a) in the inserted text of paragraph (ca) of subsection (1)—

- (a) after “large company” insert “or a very large company”;
- (b) omit “regulation 3 of”; and
- (c) omit “regulation 4A, 4B, 4C, 5, 5A or 5B of”.

(5) In paragraph (2)(a) in the inserted text of paragraph (cb) of subsection (1), after “large company” insert “or a very large company”.

(6) In paragraph (3) in the inserted text of subsection (3ZA)—

- (a) for “date on which the first” substitute “earliest date on which an”; and
- (b) omit “regulation 4A, 4B, 4C, 5(3), 5A(3) or 5B(3) of”.

Amendment of regulation 9

11.—(1) The following amendments apply to regulation 9 (consequential amendment of Chapter 4 of Part 22 of CTA 2010).

(2) In paragraph (1)—

- (a) after “accounting period and” insert “the surrendering company or the recipient company (or both) is a large company or a very large company”; and
- (b) omit subparagraphs (a) and (b).

(3) In paragraph (5) in the inserted text of subsection (6B)—

- (a) in paragraph (a) of that subsection—
 - (i) after “large company” insert “or a very large company”; and
 - (ii) omit “regulation 4A, 4B, 4C, 5, 5A or 5B of”; and

(b) in paragraph (b) of that subsection, after “large company” in both places in which it appears insert “or a very large company”.

(4) In paragraph (5) in the inserted text of subsection (6F), for “has the same meaning as in regulation 3 of” substitute “and “very large company” have the meanings given in”.

Amendment of regulation 10

12.—(1) The following amendment is made to regulation 10 (information to be provided to HMRC).

(2) In both subparagraph (a) and (b) of paragraph (1), for “regulation 4A, 4B, 4C, 5, 5A or 5B, as the case may be,” substitute “these Regulations”.

Amendment in respect of regulation 10A

13. For the title to regulation 10A, substitute “**Additional information to be provided to HMRC: bank levy**”.

Amendment of regulation 11

14.—(1) The following amendments are made to regulation 11 (production of records).

(2) In both subparagraph (a) and (b) of paragraph (1), for “regulation 4A, 4B, 4C, 5, 5A or 5B (as the case may be)” substitute “these Regulations”.

Amendment of regulation 13

15.—(1) The following amendment is made to regulation 13 (penalty for unpaid tax).

(2) For “regulation 4A, 4B, 4C, 5, 5A or 5B (as the case may be)” substitute “these Regulations”.

Revocation

16. Regulations 4, 4A, 4B, 4C and 4D of the Compensation Tax (Instalment Payments) Regulations 1998 are revoked.

Date

Name
Name

Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)