HMRC - CFM97380 - Infrastructure: Amounts To Be Ignored Or Treated As Nil

TIOPA10/S440-S442

While a company is a qualifying infrastructure company (QIC), as well as exempting certain amounts from the company’s tax-interest expense, further adjustments are made in the calculation of any potential Corporate Interest Restriction.

The QIC will be treated in that same accounting period as having nil tax-interest income (TIOPA10/S440).

Amounts that are taken out of tax-interest expense (under s438) or tax-interest income (under s440) are left out of for the purposes of calculating the adjusted net group-interest expense and qualifying net group-interest expense for the period of account concerned (TIOPA10/S442(2)).

The QIC will be treated as having nil tax-EBITDA (TIOPA10/S441).

The QIC is treated as if it was not part of the group for the relevant account period when calculating group-EBITDA (TIOPA10/S442(3)).

Note that amounts of tax-interest income, tax-EBITDA and group-EBITDA are treated as nil regardless of whether any amounts are excluded from tax-interest expense.

Where a worldwide group includes a QIC ordinarily the de-minimis provisions are disapplied, but this is subject to an exception.

Effect of transitional period and one fails all fails provisions

The amounts exempted or treated as nil will be altered in respect of a QIC in an accounting period subject to the transitional rules, or a joint election in which one of the members has failed the conditions necessary to be a qualifying infrastructure companies.

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