HMRC - CFM98360 - Rules: Previous Accounting And Tax Changes

F(No.2)A17/Sch10/Para29-30

The Corporate Interest Restriction applies to amounts of tax-interest and tax-EBITDA. These in turn are based on the amounts brought into account for the purposes of corporation tax in the tax return and computations of individual companies.

However, there are two specific exceptions that apply on transition to the rules where the amounts relate to changes in accounting and tax prior to 1 April 2017:

The first exception applies where there has been a change of accounting policy and the period in which the new accounting policy applies, referred as at the later period, started before 1 April 2017. In this case the debits or credits brought into account under the Change of Accounting Practice Regulations 2004 (S.I. 2004/3271) in respect of that change of accounting policy are ignored for Corporate Interest Restriction purposes.

The second exception applies to ignore transitional adjustments arising from F(No.2)A15/Sch7 that are being brought into account under Para115/116 (transitional adjustments relating to loan relationships) or Para119/120 (transitional adjustments relating to derivative contracts).

These amounts are not therefore included as tax-interest or tax-EBITDA amounts under the regime.

Likewise, these amounts would not be included as group-interest and group-EBITDA (relevant in respect of {changes in accounting} where an alternative calculation election has been made).

Previous page