HMRC - CFM98430 - Requirements: The Full Interest Restriction Return

TIOPA10/SCH7A/PARA20

The administrative rules facilitating compliance with the Corporate Interest Restriction legislation in TIOPA10/PT10 are built around an interest restriction return for a period of account of a worldwide group, submitted by its reporting company. The reporting company can submit a full interest restriction return via a digital form on the government gateway. For more information on this process, see the CIR internet page.

A group is not obliged to file an interest restriction return unless it has appointed a reporting company. However, if the group is subject to interest restriction, compliance with the CIR regime is much simpler and the group gains flexibility in allocating restrictions. Further, HMRC has the power to appoint a reporting company if the group fails to do so, though it is not intended that this should be done on a routine or speculative basis. Where a reporting company has been appointed, but no restriction is due for a period, the reporting company may elect to submit an abbreviated return.

A full interest restriction return includes details of the composition of the group, the computation of any interest restriction or reactivation cap

This section of the guidance sets out what is required to be included in a full return, where one is required by the conditions in TIOPA10/SCH7A/PARA20(2). The requirements are the same, whether the group is subject to interest restrictions for the period of account; or is not so subject, but has not elected to submit an abbreviated return.

PARA20(3)(a)

The name of the ultimate parent of the worldwide group, see TIOPA10/S473(4)(b). Where the parent has a Unique Taxpayer Reference (UTR), it must be stated. The UTR is a 10 digit number issued by HMRC where a taxpayer first registers for self-assessment. The UTR for a company is allocated by COTAX, typically when HMRC is first notified or becomes aware of the existence of a UK company, or of the UK taxable presence of a non-UK company.

PARA20(3)(b)

The return period of the return - the period of account of the worldwide group see TIOPA10/S480. This may not necessarily coincide with the CT Accounting Period of some or all of the UK resident group members.

PARA20(3)(c)

The names and Unique Taxpayer References (where there is one) of all companies that were UK group companies at any time in the period of account. A UK group company is a company that is a member of the group and within the charge to UK corporation tax (TIOPA10/S492). Each UK group company should be identified as either a consenting or a non-consenting compan

PARA20(3)(d)

A statement of calculations. This is a key component of the along with cross-references to further guidance describing those amounts and how they are calculated.

PARA20(2)(e)

Where the group is subject to interest restrictions, the return must state this and specify the total disallowed amount (S373(2)). In this case, a statement of allocated interest restrictions (PARA22) must be attached to the interest restriction return.

PARA20(2)(f)

If the group is subject to interest reactivations for the period of account, this must be stated, as must the interest reactivation cap (S373(3)). A statement of allocated interest reactivations (PARA25) must be attached.

PARA20(2)(g)

Finally, there must be a declaration by the person making the return that the return is, to the best of that person’s knowledge, correct and complete. (This does not prevent the inclusion of estimated information).

A return containing all of this information is a full interest restriction return.

Next page