HMRC - CFM98635 - Company: Relevant Accounting Period.

TIOPA10/S490.

The corporate interest restriction computations are prepared for a worldwide group’s period of account. However, companies are taxed by reference to accounting periods, as defined in CTA09/S9-12. A UK group company’s accounting period will not necessarily coincide with its worldwide group’s period of account, so it is necessary to form a link between the two. Key to this linkage is the straightforward definition of a relevant accounting period in TIOPA10/S490:

“For the purposes of this Part a “relevant accounting period” of a company, in relation to a period of account of a worldwide group, means any accounting period that falls wholly or partly within the period of account of the worldwide group.”

The guidance below sets out how amounts relating to a worldwide group’s interest restriction or reactivation cap for a period are given effect at the level of the UK group companies for the relevant accounting periods linked to that period of account.

Conversely, in computing the group’s aggregate tax-interest expense and aggregate tax-EBITDA, it is necessary to look at the amounts for each company’s relevant accounting periods, leaving out of account amounts that relate to disregarded periods that do not fall within the group’s period of account.

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