HMRC - CFM98680 - Company: Reactivation Of Disallowed Tax-Interest Amounts Carried Forward

TIOPA10/S379, SCH7A/PARA70(1)

Reactivation of tax-interest previously left out of account is only permitted where the reporting company for a worldwide group submits a full interest restriction return.The amounts to be reactivated in respect of a worldwide group period of account and the amounts allocated to each UK group company accounting period must be set out in a statement of allocated interest reactivations, which forms part of the interest restriction return TIOPA10/SCH7A/PARA25. The rules governing the amounts that may be reactivated for a company accounting period are set out in PARA26.

S379(2) requires the UK group company to which reactivations are allocated for a relevant accounting period - an accounting period contained wholly or partly within the worldwide group period of account) - to bring into account tax-interest amounts allocated to that accounting period. Amounts will be allocated to an earlier accounting period before a later one (this follows from S379(5)(a) and PARA26(4)(a)) and cannot be allocated to an accounting period in which the company was not a member of the group (S370(5)(b), PARA 26(4)(b)).

The company is treated as amending its company tax return in accordance with the allocated activation - PARA 70(1).

The identification of amounts of tax-interest brought back into account is dealt with in S380, see CFM98690.

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