HMRC - CFM98820 - Procedure: Closure Notices When Group Was Identified Incorrectly

TIOPA10/SCH7A/PARA49

The position is more complicated if the conclusions of an enquiry include a finding that the composition of the worldwide group, as regards UK group companies that are not dormant was incorrectly stated in the interest restriction return. This is particularly the case if it is concluded that what was treated as a group actually comprised more than one group, or was part of a larger group.

In those cases, it may be that the existing reporting company is unable to perform all the necessary actions, and that either another reporting company must be appointed, or the reporting company for another group needs to be involved in the process. A further possible consequence of a misidentified group is that the return was prepared for an incorrect period of account.

This section of guidance deals with the scenarios where the existing reporting company is

There are in essence two circumstances where this is the case, where either condition A or condition B in TIOPA10/SCH7A/PARA49(7) and (8) applies.

As a preliminary issue, it is necessary to determine the relevant periods of account. This may simply be a matter of substituting a different period of account for the period for which the return is submitted, or it may be that more than one corrected period of account overlaps the period for which the return was submitted, or there may be one or more different periods - see CFM98810. The officer of Revenue and Customs must identify and deal with each period in the closure notice.

The company subject to the closure notice is the reporting company that submitted the interest restriction return under enquiry. It must be a member of the “relevant group”, that is, the group for which an interest restriction return should have been submitted for the period of account in question.

Condition A relates to a smaller worldwide group. It is that all of the members of the “relevant group” were members of the group for which a return was submitted.

Condition B relates to a larger group, but one without an existing reporting company. It is that (a) the relevant group includes UK group companies that were

In neither case is there any impediment to the existing reporting company doing all that is necessary.

If the period of account is correctly identified, the closure notice will then direct the reporting company to submit a revised return for the period of account.

If the period of account in the original return was incorrect, the reporting company must be required by the closure notice to submit returns for each correct period of account, even if the composition of each relevant group is not the same in each period. The company is treated as having been appointed as reporting company for each of those groups - PARA49(10). Paras 49(12) and 50(2) require the returns to be submitted within 3 months of the issue of the closure notice, overriding any time limit that might otherwise apply.

The requirements of PARA50 apply to these returns, see CFM98800.

Where the reporting company fails to submit a return within the time limit, an officer of Revenue and Customs may make a determination under PARA58, see CFM98870.

Previous page

Next page