HMRC - CFM98830 - Procedure: Closure Notices When Incorrect Group And Correct Group Has A Reporting Company

TIOPA10/SCH7A/PARA51

TIOPA10/SCH7A/PARA51 deals with a scenario similar to that envisaged in condition B in PARA49(8) (see CFM98820) but where some or all of the companies in the group for which the return was submitted are considered by HMRC to be members of a different worldwide group that has appointed a reporting company. A determination under PARA51 by an officer of Revenue and Customs appoints that company as reporting company for the corrected group.

The legislation makes reference to the “original group”, the “existing group” and the “new group”. The original group is the group that was considered to exist in the “interest restriction return” that is under enquiry. The new group is the group that HMRC considers to exist in a relevant period account. This group will include some or all of the companies in the existing group. The existing group is a group that has appointed a reporting company (whether or not it has actually submitted an interest restriction return).

The circumstances set out in PARA51 are:

An enquiry has been made into the “original return” submitted by the reporting company of the “original group”.

An officer of Revenue and Customs issues a closure notice in which it identifies a period of account for a “new group”, for which an interest restriction return should have been submitted.

The new group contains both companies that were members of the original group (this could be some or all of its members) and other UK group companies. The reference to other group companies has the effect that PARA51 does not come into play when a misidentification of the group only concerns companies not in the UK tax net. Dormant companies are also ignored (PARA47(8)).

The ultimate parent of the “new group” is also the ultimate parent of another group that has appointed a reporting company - the “existing group”.

In this scenario, an officer of HMRC must, within 30 days, appoint the reporting company of the existing group as the reporting company of the new group. Any interest restriction return that was submitted for the existing group that ends or begins in the new group’s period of account is treated as withdrawn, as is any notice of enquiry, closure notice or appeal relating to that return. If the closure notice has had the effect of changing the periods of account, the reporting company for the existing group is also appointed as reporting company for the new group, for a period ending just before the starting date of the period of account of the new group.

PARA51 can apply where

PARA51 can also apply where

It is also possible that

In a scenario where PARA51 applies, to the extent that the existing reporting company is also required to submit returns (in addition to the appointment of a different reporting company), the requirements of PARA50 apply to these returns, see CFM98800.

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