HMRC - CTM80502 - Introduction

CTA10/Part 5

Group relief (CTM80100onwards) is also available to companies in a consortium relationship (CTA10/S130(2)(b) to (d)).

The term ‘group relief’ is used in the legislation to refer in cases using either a group or a consortium relationship (although a “consortium claim” is distinguished by CTA10/S146(8)). For ease of reference in this guidance the phrase ‘consortium relief’ is used. This is not a statutory term, but helps to distinguish the different rules used in cases of a consortium relationship.

Like the group condition in CTA10/S131 for group relief, in order for a consortium claim to be possible one of the three consortium conditions must be met (CTA10/S130):

‘Condition 1’ is for circumstances where a member of the consortium wishes to claim relief from, or surrender relief to, a company owned by the consortium (CTA10/S132; CTM80540 and CTM80545)

‘Condition 2’ is for circumstances where the company owned by a consortium wishes to surrender relief to a company that is not a member of the consortium but is in the same group as a member of the consortium (CTA10/S133(1) and (3) to (8); CTM80550 and CTM80555)

‘Condition 3’ is for circumstances where a company owned by the consortium wishes to claim relief from a company that is not a member of the consortium, but is in the same group as a member of the consortium (CTA10/S133(2) to (8); CTM80550 and CTM80560)

These terms are explained below.

All of the conditions are subject to certain requirements as detailed in their respective sections, which are discussed in their guidance.

A company is a ‘company owned by the consortium’ if (CTA10/S153):

The company is not a 75% subsidiary of any company, and

At least 75% of the company’s ordinary share capital is beneficially owned by other companies,

Each of which beneficially owns at least 5% of the share capital

These companies that are 5% or more beneficial owners are ‘members of the consortium’.

Where a ‘member of a consortium’ is also a member of a group it is called a ‘link company’ and the ‘company owned by the consortium’ can surrender relief to, and claim relief from, other members of the link company’s group (CTM80555).

CTM80530 gives more details on how this feeds on to other connected companies, and more terms are shown with a diagram in the example at CTM80590.

Some wider group relief rules that also apply to consortium claims are listed in CTM80510.

Prior to 1 April 2000, not only did both the claimant and the surrendering company have to be resident in the UK, but so did the consortium member, the holding company and the majority of the trading subsidiaries. For transitional provisions where an accounting period straddles 1 April 2000 see CTM80370.

There is guidance at CTM41200 onwards on trade associations.

Next page