HMRC - CTM81610 - Groups: Group Relief: Surrendering Company Not UK Resident: Examples: The Precedence Condition

Example 1

Company 1 in State A is an intermediate company between a UK parent and the surrendering company, but it is not in the ownership chain between the surrendering company and the nearest UK company (Y) of which the surrendering company is a 75% subsidiary.

Company 2 in State B is an intermediate company that is in the ownership chain between the surrendering company and the nearest UK company (Y) of which the surrendering company is a75% subsidiary.

So, in this example, the precedence condition prevents a claim for relief under the newrules to the extent that relief can be given in State B.

Example 2

Companies 1 & 3 (in States A & B) are not intermediate companies.

Company 2 (in State B) is an intermediate company that is in the ownership chain between the surrendering company and the nearest UK company (X) of which the surrendering company is a 75% subsidiary.

So, the precedence condition prevents a claim for relief under the new rules to the extentthat relief can be given in State B (including, for example, where relief can be given toCompany 3 in State B).

Example 3

Company 1 in State A is an intermediate company that is in the ownership chain between the surrendering company and the nearest UK company (Y) of which the surrendering company is a 75% subsidiary.

Company 2 in State B is an intermediate company between a UK parent and the surrendering company, but is not in the ownership chain between the surrendering company and the nearest UK company (Y) of which the surrendering company is a 75% subsidiary.

So, in this example, the precedence condition prevents a claim for relief under the new rules to the extent that relief can be given in State A.

Previous page

Next page