HMRC - CTM97420 - CTSA: Companies Eligible

The definition of ‘group’ for group payment arrangement purposes is broader than the normal group relationship required for a surrender of a repayment under CTA10/S963, or for group relief, for example. Companies eligible to enter into a group payment arrangement together are:

a parent company,

and

its 51% subsidiaries,

and

the 51% subsidiaries of those subsidiaries, and so on.

Note:

Companies covered by a group payment arrangement are ‘participating companies’.

The company chosen by the group to make payments on behalf of the participating companies is the ‘nominated company’.

The following criteria are also relevant when a group applies to enter into a group payment arrangement:

When a group makes an arrangement it must have grounds for believing that at least one of the participating companies will be a quarterly instalment payer for the period covered by the arrangement.

The nominated company must be resident in the UK. Note: This requirement does not apply to the other participating companies.

UK subsidiaries of overseas companies and UK branches of non-resident companies can come within an arrangement.

Companies qualify even though their 51% connection to the rest of the group is through an overseas parent.

Not all members of the group need be covered by the group payment arrangement.

A group may apply to set up more than one arrangement for different sub-sets of companies in the group.

Generally, the participating companies have to make up accounts to the same date as the nominated company.

A copy of the contract is at CTM97430.

A copy of the notes that accompany the contract is at CTM97440.

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