STATUTORY INSTRUMENTS

2017 No. 1227

CORPORATION TAX

The Corporate Interest Restriction (Consequential Amendments) Regulations 2017

Made - - - -	*7th December 2017*
Laid before the House of Commons - - - -	*8th December 2017*
Coming into force - -	*29th December 2017*

The Treasury, in exercise of the powers conferred by sections 17(3) and 18 of the Finance (No. 2) Act 2005(**1**), section 45 of the Finance Act 2009(**2**), section 624 of the Corporation Tax Act 2010(**3**), paragraph 35 of Schedule 5 to the Finance (No. 2) Act 2017(**4**), make the following Regulations:

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Corporate Interest Restriction (Consequential Amendments) Regulations 2017 and come into force on 29th December 2017.

(2) The Regulations have effect for accounting periods beginning on or after 1 April 2017.

(3) An accounting period beginning before and ending after 1 April 2017 is to be treated for the purposes of these Regulations as if so much of the accounting period as falls before that date, and so much of the period as falls on or after that date, were separate accounting periods.

(4) Where it is necessary to apportion an amount to the two separate accounting periods, it is to be apportioned on a just and reasonable basis.

Amendments to the Authorised Investment Funds (Tax) Regulations 2006

2.—(1) The Authorised Investment Funds (Tax) Regulations 2006(**5**) are amended as follows.

(2) In regulation 18 (interest distributions: general), after paragraph (2) insert—

(**1**) 2005 c. 22.
(**2**) 2009 c. 10, section 45 was amended by paragraphs 706 and 710 of Schedule 1 to the Corporation Tax Act 2010 (c. 4).
(**3**) 2010 c. 4, section 624 was amended by section 65 of the Finance Act 2016 (c. 24).
(**4**) 2017 c. 32.
(**5**) S.I. 2006/964; relevant amending instruments are S.I. 2008/705 and 2009/2036.

"(2A) For the purposes of Part 10 (Corporate Interest Restriction) of TIOPA 2010, an interest distribution is treated as not being a tax-interest expense amount(**6**) of the authorised investment fund."

(3) In regulation 69Z16 (PAIF distributions (interest))(**7**), after paragraph (2) insert—

"(2A) For the purposes of Part 10 (Corporate Interest Restriction) of TIOPA 2010, a PAIF distribution (interest) is treated as not being a tax-interest expense amount of the company."

(4) In regulation 69Z61 (TEF distributions (non-dividend))(**8**), after paragraph (2) insert—

"(2A) For the purposes of Part 10 (Corporate Interest Restriction) of TIOPA 2010, a TEF distribution (non-dividend) is treated as not being a tax-interest expense amount of the Tax Elected Fund."

Amendment to the Taxation of Securitisation Companies Regulations 2006

3.—(1) The Taxation of Securitisation Companies Regulations 2006(**9**) are amended as follows.

(2) At the end insert—

"**22.**—(1) For the purposes of Part 10 (Corporate Interest Restriction) of TIOPA 2010—

(a) the net tax-interest income(**10**) for an accounting period of the securitisation company is the sum of—

(i) the amount of profit calculated under regulation 14 for that period, and

(ii) the amount of any management fee paid in that period by the securitisation company to another UK group company(**11**) in relation to the management of assets held by the securitisation company for the purposes of the capital market arrangement; and

(b) the adjusted corporation tax earnings(**12**) of the securitisation company for an accounting period is a negative amount equal to the amount in paragraph (a)(ii).

(2) Section 414(3)(b) (qualifying net group-interest expense, results dependent securities) of that Act(**13**) does not apply in relation to any interest paid or other distribution made by a securitisation company."

Amendment to the Taxation of Insurance Securitisation Companies Regulations 2007

4.—(1) The Taxation of Insurance Securitisation Companies Regulations 2007(**14**) are amended as follows.

(2) At the end insert—

(**6**) A new Part 10 was inserted into the Taxation (International and Other Provisions) Act 2010 (c. 8) by paragraph 1 of Schedule 5 to the Finance (No. 2) Act 2017; "tax-interest expense amount" is defined in section 382 of that Part.
(**7**) Regulation 69Z16 was inserted by S.I. 2008/705.
(**8**) Regulation 69Z61 was inserted by S.I. 2009/2036.
(**9**) S.I. 2006/3296, to which there are amendments not relevant to these Regulations.
(**10**) "The net tax-interest income" is defined in section 389 of the Taxation (International and Other Provisions) Act 2010 inserted by paragraph 1 of Schedule 5 to the Finance (No. 2) Act 2017.
(**11**) "UK group company" is defined in section 492 of the Taxation (International and Other Provisions) Act 2010 inserted by paragraph 1 of Schedule 5 to the Finance (No. 2) Act 2017.
(**12**) "Adjusted corporation tax earnings" is defined in section 406(2) of the Taxation (International and Other Provisions) Act 2010 inserted by paragraph 1 of Schedule 5 to the Finance (No. 2) Act 2017.
(**13**) Section 414 was inserted by paragraph 1 of Schedule 5 to the Finance (No. 2) Act 2017.
(**14**) S.I. 2007/3402, to which there are amendments not relevant to these Regulations.