STATUTORY INSTRUMENTS

2017 No. 454

CORPORATION TAX

The Corporation Tax (Treatment of Unrelieved Surplus Advance Corporation Tax) (Amendment) Regulations 2017

Made - - - -	*21st March 2017*
Laid before the House of Commons - - - -	*22nd March 2017*
Coming into force - -	*12th April 2017*

The Treasury, in exercise of the powers conferred by section 32 of the Finance Act 1998(**1**), make the following Regulations:

Citation, commencement and application

1.—(1) These Regulations may be cited as the Corporation Tax (Treatment of Unrelieved Surplus Advance Corporation Tax) (Amendment) Regulations 2017 and come into force on 12th April 2017.

(2) These Regulations apply to any distribution of a company made in an accounting period which commences on or after 6th April 2016.

(3) For the purposes of paragraph (2), an accounting period beginning before and ending on or after 6th April 2016 is to be treated for the purposes of these Regulations as if so much of the period as falls before that date, and so much of the period as falls on or after that date, were separate accounting periods.

Amendment of the Corporation Tax (Treatment of Unrelieved Surplus Advance Corporation Tax) Regulations 1999

2. These Regulations amend the Corporation Tax (Treatment of Unrelieved Surplus Advance Corporation Tax) Regulations 1999(**2**).

Regulation 3 (interpretation)

3.—(1) Regulation 3 is amended as follows.

(2) In paragraph (1)—

(**1**) 1998 c. 36. Section 32 is amended by section 91(4) of the Finance Act 1999 (c. 16) and paragraphs 15 and 16 of Part 3 of Schedule 20 to the Finance Act 2012 (c. 14).
(**2**) S.I. 1999/358 as amended by S.I.2003/1861, 2010/669 and 2013/157.

(a) after the definition of "distribution" insert—

""exempt ABGH distribution" means a distribution which—

(a) is a distribution for the purposes of the Corporation Tax Acts only because it falls within paragraph A, B, G or H in section 1000(1) of CTA 2010; and

(b) is exempt for the purposes of Part 9A(**3**) of CTA 2009 (company distributions);";

(b) omit the definition of "franked investment income"(**4**);

(c) after the definition of "parent company" insert—

""qualifying investment income" means an exempt ABGH distribution of a company grossed up by ten-ninths;"; and

(d) in the definition of "surplus franked investment income", for "franked" substitute "qualifying".

Regulations 7 to 10A

4. In regulations 7 to 10A(**5**) and in the titles to those regulations, for "franked" substitute "qualifying", except in regulation 10(4).

Regulation 11 (computation of shadow ACT)

5.—(1) Regulation 11 is amended as follows.

(2) In paragraphs (3) and (10), for "franked investment income" substitute "qualifying investment income".

(3) In paragraphs (12) and (14)(a), for "franked" substitute "qualifying".

(4) For paragraph (13) substitute—

"(13) A company has a surplus of qualifying investment income in an accounting period for the purposes of paragraph (12) if an amount equal to—

(a) the aggregate of nine-eighths of the qualifying investment income consisting of distributions made to the company in that period; and

(b) the surplus of qualifying investment income carried forward from the previous accounting period in accordance with paragraph (12),

exceeds the amount of the franked distributions made by it in that period; and the amount of that excess is to be regarded as the amount of the surplus of qualifying investment income for the purposes of paragraph (12).".

Regulation 22 (life assurance companies)

6.—(1) Regulation 22(**6**) is amended as follows.

(2) In paragraph (1)—

(a) for "franked" substitute "qualifying"; and

(b) for "long-term insurance fund" substitute "long-term business".

(3) In paragraph (2), for "the relevant profits" substitute "the qualifying investment income".

(**3**) Part 9A of the Corporation Tax Act 2009 (c. 4) was inserted by paragraph 1 of Part 1 of Schedule 14 to the Finance Act 2009 (c. 10).
(**4**) The definition of "franked investment income" was amended by S.I. 2010/669.
(**5**) Regulation 10A was inserted by S.I. 2010/669.
(**6**) Regulation 22 was amended by S.I. 2010/669.