

Clause 2: Group relief etc: meaning of “UK related” company

Summary

1. This clause extends the definition of “UK related” company for the purposes of group relief to include non-UK resident companies that are within the charge to Corporation Tax.

Details of the clause

1. Subsections 1 and 2 extend the definition of a “UK related” company for the purposes of group relief to include all non-UK resident companies that are within the charge to corporation tax. This means that the definition is not limited, for non-UK group companies, to those that carry on a trade in the UK through a permanent establishment.
2. Subsection 3 provides that the amendment to this definition has effect on or after 5 July 2016. This is the date when Part 8ZB of CTA 2010 (Transactions in UK Land) came into effect subject to transitional provisions relating to disposals to associated persons on or after 16 March 2016 and before 5 July 2016.
3. Subsection 4 extends the time limit in which to make a claim for group relief as set out at paragraph 74 of Schedule 18 to the Finance Act 1998 to include a date of 31 December 2019 where a claim is made in reliance of this section.
4. This will enable those companies that would have made a claim for group relief but for the limitation of the definition of a “UK related” company, and the subsequent expiry of the existing time limits to make a claim before this section has effect, to make a valid claim for group relief.

Background note

5. Following announcement at Autumn Statement 2016, the government consulted in March 2017 on the case and options for bringing non-resident companies’ UK property income and gains (previously chargeable to Income Tax and non-resident CGT respectively) into CT. At Autumn Budget 2017, the government published a response document to the consultation and announced that it would make this change in April 2020.
6. As part of that change, this clause has been introduced to ensure that a non-UK resident company carrying on a UK property business, when within the charge to Corporation Tax, can be regarded as a UK member of a group of companies for

group relief purposes. The clause also ensures that this applies to non-UK companies that fall within the scope of Part 8ZB of CTA 2010.