
STATUTORY INSTRUMENTS

2017 No. 1072

CORPORATION TAX

The Corporation Tax (Instalment
Payments) (Amendment) Regulations 2017

<i>Made</i>	- - - -	<i>7th November 2017</i>
<i>Laid before the House of Commons</i>	- - - -	<i>8th November 2017</i>
<i>Coming into force</i>	- -	<i>1st April 2019</i>

The Treasury, in exercise of the powers conferred by section 59E of the Taxes Management Act 1970(1), make the following Regulations:

Citation and commencement

1.—(1) These Regulations may be cited as the Corporation Tax (Instalment Payments) (Amendment) Regulations 2017 and come into force on 1st April 2019.

(2) These Regulations have effect in relation to accounting periods beginning on or after 1st April 2019.

Amendment of the Corporation Tax (Instalment Payments) Regulations 1998

2. The Corporation Tax (Instalment Payments) Regulations 1998(2) are amended as follows.

Amendment of regulation 2

3.—(1) In regulation 2(1) (interpretation)—

(a) for the definition of “large company” substitute—

““large company” has the meaning given by regulation 3(1) or 3A (as the case may be);”;

(b) after the definition of “large company” insert—

““related 51% group companies” has the same meaning as it has in section 279F of CTA 2010(3);”;

(1) 1970 c. 9. Section 59E was inserted by section 30(1) of the Finance Act 1998 (c. 36).

(2) S.I. 1998/3175 as amended by S.I. 1999/1929, 2000/892, 2005/889, 2008/2649, 2011/1785 and 2014/2409.

(3) 2010 c. 4. Section 279F of the Corporation Tax Act 2010 was inserted by paragraph 5(3) of Schedule 1 to the Finance Act 2014 (c. 26).

- (c) after the definition of “the Management Act”, omit “and”;
 - (d) for the definition of “the Taxes Act” substitute—
 - ““the Taxes Act” means the Income and Corporation Taxes Act 1988;”;
 - (e) after that definition insert—
 - ““very large company” has the meaning given by regulation 3(2) or 3A (as the case may be).”.
- (2) In regulation 2(3) (interpretation of total liability), for “References in these Regulations” substitute “Except as provided by regulation 3A, references in these Regulations”.

Amendment of regulation 3

4. For regulation 3 (large companies) substitute—

“Large and very large companies

3.—(1) Subject to paragraphs (3) to (5), a company (other than a relevant entity or a responsible member) is a large company by virtue of this regulation in respect of an accounting period if its profits in that period exceed £1.5 million but do not exceed £20 million.

(2) Subject to paragraphs (3) and (4), a company (other than a relevant entity or a responsible member) is a very large company by virtue of this regulation in respect of an accounting period if its profits in that period exceed £20 million.

(3) The amounts of profits specified in paragraphs (1) and (2) are subject to the provisions in paragraphs (8) and (10).

(4) A company is not in respect of an accounting period—

- (a) a large company by virtue of paragraph (1); or
- (b) a very large company by virtue of paragraph (2),

if its total liability for the period does not exceed £10,000 (or such amount as applies by virtue of paragraph (10)).

(5) A company is not in respect of an accounting period (“AP”) a large company by virtue of this regulation where the profits of the company in AP do not exceed £10 million (or such amount as applies by virtue of paragraphs (8) and (10)) and—

- (a) during any part of the period (“AP-12”) of 12 months immediately preceding AP, the company did not exist or did not have an accounting period; or
- (b) in respect of any accounting period which fell within or ended in AP-12 the company was not—
 - (i) a large company other than by reason of the operation of this paragraph, or
 - (ii) a very large company.

(6) Paragraph (8) applies where a company has one or more related 51% group companies in an accounting period.

(7) For the purposes of this regulation, the number (“N”) of related 51% group companies of a company in an accounting period (“AP”) is to be determined—

- (a) as the number existing at the end of the accounting period (“AP-1”) immediately preceding AP; or
- (b) where there is no AP-1 or AP-1 did not end on the day before AP commenced, as the number existing at the commencement of AP.

(8) Where this paragraph applies by virtue of paragraph (6), whether a company is (or is not) a large company or a very large company in respect of an accounting period by virtue of this regulation is to be determined with the following modifications—

- (a) in paragraph (1), for “£1.5 million” substitute “£1.5 million/1+N”;
- (b) in paragraphs (1) and (2), for “£20 million” substitute “£20 million/1+N”; and
- (c) in paragraph (5), for “£10 million” substitute “£10 million/1+N,

but the amounts in sub-paragraphs (a), (b) and (c) are subject to the provisions in paragraph (10).

(9) Except where paragraph (4) applies, whether a company is (or is not) a large company or a very large company by virtue of this regulation is to be determined as it would have been determined apart from sections 330(4) (supplementary charge in respect of ring fence trades) and 331 (meaning of “financing costs” etc) of CTA 2010.

(10) Where an accounting period is a period of less than 12 months, whether a company is (or is not) a large company or a very large company in respect of that period by virtue of this regulation is to be determined by making a proportionate reduction to the following amounts—

- (a) £10,000 in paragraph (4);
- (b) £1.5 million in paragraph (1) or £1.5 million/1+N in that paragraph where paragraph (8) applies;
- (c) £10 million in paragraph (5) or £10 million/1+N in that paragraph where paragraph (8) applies; and
- (d) £20 million in paragraphs (1) and (2) or £20 million/1+N in those paragraphs where paragraph (8) applies.

Large and very large companies: bank levy

3A.—(1) This regulation applies where a company is a relevant entity or a responsible member.

(2) Subject to paragraphs (4) to (7), a company is a very large company by virtue of this regulation in respect of an accounting period if its profits in that period exceed £20 million.

(3) A company which is not a very large company in respect of an accounting period by virtue of paragraph (2) is a large company in respect of that period.

(4) A company is not in respect of an accounting period a very large company by virtue of paragraph (2) if its total liability for the period does not exceed £10,000 (or such amount as applies by virtue of paragraph (7)).

(5) Where in an accounting period a company has one or more related 51% group companies, whether the company is (or is not) a very large company by virtue of this regulation in respect of that period is to be determined by substituting in paragraph (2) “£20 million/1+N” for “£20 million”.

(6) The amount of “£20 million/1+N” in paragraph (5) is subject to paragraph (7).

(7) Where an accounting period is a period of less than 12 months, whether a company is (or is not) a very large company in respect of that period by virtue of this regulation is to be determined by making a proportionate reduction to the following amounts—

- (a) £20 million in paragraph (2) or £20 million/1+N in that paragraph where paragraph (5) applies; and

(4) Amendments have been made to section 330 which are not relevant.

- (b) £10,000 in paragraph (4).
- (8) For the purposes of this regulation—
 - (a) “N” has the same meaning as it has for the purposes of regulation 3; and
 - (b) “total liability” excludes any amount of bank levy payable.”.

Payment dates: very large companies

5. After regulation 5 (instalment payments – principal provision) insert—

“Instalment payments: very large companies: days for payment

5AZA.—(1) Except in respect of any amount falling within regulation 5AZC or 5A, amounts in respect of the total liability of a very large company for an accounting period are due and payable on the following days.

- (2) Where the accounting period is 12 months—
 - (a) the first instalment is due on the day (“instalment 1 day”) which is 2 months and 13 days after the first day of the accounting period;
 - (b) the second instalment is due on the day (“instalment 2 day”) which is 3 months later than instalment 1 day;
 - (c) the third instalment is due on the day (“instalment 3 day”) which is 3 months later than instalment 2 day; and
 - (d) the final instalment is due on the day (“the final instalment day”) which is 3 months later than instalment 3 day.
- (3) Where the accounting period is less than 12 months, steps 1 to 5 apply instead of paragraph (2).
- (4) Step 1 is to determine if the accounting period ends—
 - (a) on the last day of the month, in which case find the day which falls 14 days after the last day of the previous month and apply step 2;
 - (b) other than on the last day of the month and where there is a day with the same date (“an equivalent day”) in the previous month, in which case find the day which falls 14 days after the corresponding day in the previous month and apply step 2; or
 - (c) other than on the last day of the month and where there is not an equivalent day in the previous month, in which case find the day which falls 14 days after the last day in the previous month and apply step 2.
- (5) Step 2 is to determine if the day found under step 1 falls on or before the first day of the accounting period and—
 - (a) if it does, an instalment is due on the last day (“the only instalment day”) of the accounting period and no further steps apply; or
 - (b) if it does not, an instalment is due on the day found under step 1 (“the final instalment day”) and apply step 3.
- (6) Step 3 is to determine if the day (“D1”) which falls 2 months and 13 days after the first day of the accounting period falls on or after the final instalment day and—
 - (a) if it does, the final instalment day becomes the only instalment day and no further steps apply; or
 - (b) if it does not, an instalment is due on D1 (“instalment 1 day”) and apply step 4.

(7) Step 4 is to determine if the day (“D2”) which falls 3 months later than instalment 1 day falls on or after the final instalment day and—

- (a) if it does, no further steps apply; or
- (b) if it does not, an instalment is due on D2 (“instalment 2 day”) and apply step 5.

(8) Step 5 is to determine if the day (“D3”) which falls 3 months later than instalment 2 day falls before the final instalment day and only if it does is an instalment due on D3 (“instalment 3 day”).

Instalment payments: very large companies: calculation of payment except bank levy and ring fence profits and adjusted ring fence profits

5AZB.—(1) The amount (“CTI”) which comprises a very large company’s total liability for an accounting period (less any amount falling within regulation 5AZC or 5A) is due and payable on the instalment days set out in this regulation.

- (2) Where the only instalment day applies, all of CTI is due and payable on that day.
- (3) The amount due and payable on, if applicable—
 - (a) instalment 1 day, is the lesser of CTI and the formula amount;
 - (b) instalment 2 day and instalment 3 day, is the lesser of CTI-B and the formula amount; and
 - (c) the final instalment day, is CTI-B.
- (4) In paragraph (3)—
 - “B” means the amount of CTI required to be paid on each previous instalment day; and
 - “the formula amount” means the amount produced by—

$$3 \times (CTI / (wm + wmd))$$

where—

“wm” is the number of whole months falling within the accounting period;

“wmd” is the decimal (calculated to two places rounded arithmetically where necessary) of the fraction $R/30$, where “R” is the number of days in an accounting period outside the whole months represented by “wm”.

(5) In this regulation the days listed in paragraph (6) have the same meaning in this regulation as they have in paragraph (2) or paragraphs (5) to (8), as the case may be, of regulation 5AZA, and “instalment days” in paragraph (1) means any of those days.

- (6) The days referred to in paragraph (5) are—
 - “the final instalment day”;
 - “instalment 1 day”, “instalment 2 day” and “instalment 3 day”; and
 - “the only instalment day”.

Instalment payments: very large companies: bank levy

5AZC.—(1) A very large company’s total liability for an accounting period for bank levy is due and payable as provided by paragraphs (3) to (9) of regulation 5, but with the following modifications of paragraphs (5) and (6) of that regulation.

- (2) The modifications referred to in paragraph (1) are—
 - (a) in the formula in paragraph (5), for “CTI” substitute “BL”;
 - (b) for the definition of “CTI” in paragraph (5) substitute—

“BL” is the total amount of the company’s liability to bank levy for the accounting period, and”, and

(c) in paragraph (6), for “CTI” substitute “BL”.”.

Amendment of regulation 5A

6.—(1) Regulation 5A (instalment payments – ring fence profits and adjusted ring fence profits) is amended as follows.

(2) In paragraph (1), after “large company” insert “or very large company”.

(3) In paragraph (5)—

(a) omit sub-paragraph (a); and

(b) in sub-paragraph (b), omit “thereafter.”.

Amendment of regulation 5B

7. In paragraph (3) of regulation 5B (instalment payments – the bank levy – anti-avoidance), for “regulation 5(3)” substitute “regulation 5 or 5AZC”.

Amendment of regulation 6

8.—(1) Regulation 6 (repayment of amounts in respect of a large company’s total liability for an accounting period) is amended as follows.

(2) For the title to regulation 6, substitute “**Repayments: large companies and very large companies**”.

(3) In paragraph (1), after “large company” insert “or very large company”.

(4) In paragraph (1)(a), for “regulation 4A, 4B, 4C, 4D, 5, 5A or 5B (as the case may be)” substitute “these Regulations”.

Amendment of regulation 7

9.—(1) Regulation 7 (interest on unpaid amounts of a large company’s total liability for an accounting period) is amended as follows.

(2) For the title to regulation 7, substitute “**Interest on unpaid amounts: large companies and very large companies**”.

(3) In paragraph (1), after “large company” insert “or a very large company”.

(4) In paragraph (2) in the inserted text, for “for an accounting period in accordance with regulation 4A, 4B, 4C, 4D, 5, 5A or 5B (as the case may be) of” substitute “or a very large company for an accounting period in accordance with”.

(5) In paragraph (4) in the inserted text, after “large company” insert “or a very large company”.

(6) In paragraph (5) in the inserted text, for “has the meaning given by regulation 3 of” substitute “and “very large company” have the meanings given in”.

Amendment of regulation 8

10.—(1) Regulation 8 (interest on overpaid amounts of a company’s total liability for an accounting period) is amended as follows.

(2) In paragraph (1)(a)—

(i) after “large company” insert “or a very large company”; and

- (ii) for “regulation 4A, 4B, 4C, 5, 5A or 5B” substitute “these Regulations”.
- (3) In paragraph (1)(b), after “large company” insert “or a very large company”.
- (4) In paragraph (2)(a) in the inserted text of paragraph (ca)—
 - (a) after “large company” insert “or a very large company”;
 - (b) omit “regulation 3 of”; and
 - (c) omit “regulation 4A, 4B, 4C, 5, 5A or 5B of”.
- (5) In paragraph (2)(a) in the inserted text of paragraph (cb), after “large company” insert “or a very large company”.
- (6) In paragraph (3) in the inserted text of subsection (3ZA)—
 - (a) for “date on which the first” substitute “earliest date on which an”; and
 - (b) omit “regulation 4A, 4B, 4C, 5(3), 5A(3) or 5B(3) of”.

Amendment of regulation 9

11.—(1) Regulation 9 (consequential amendment of Chapter 4 of Part 22 of CTA 2010) is amended as follows.

- (2) In paragraph (1)—
 - (a) after “accounting period and” insert “the surrendering company or the recipient company (or both) is a large company or a very large company”; and
 - (b) omit sub-paragraphs (a) and (b).
- (3) In paragraph (5) in the inserted text of subsection (6B)—
 - (a) in paragraph (a) of that subsection—
 - (i) after “large company” insert “or a very large company”; and
 - (ii) omit “regulation 4A, 4B, 4C, 5, 5A or 5B of”; and
 - (b) in paragraph (b) of that subsection, after “large company” in both places in which it appears insert “or a very large company”.
- (4) In paragraph (5) in the inserted text of subsection (6F), for “has the same meaning as in regulation 3 of” substitute “and “very large company” have the meanings given in”.

Amendment of regulation 10

12.—(1) Regulation 10 (information to be provided to HMRC) is amended as follows.

- (2) In both sub-paragraph (a) and (b) of paragraph (1), for “regulation 4A, 4B, 4C, 5, 5A or 5B, as the case may be,” substitute “these Regulations”.

Amendment in respect of regulation 10A

13. For the title to regulation 10A, substitute “**Additional information to be provided to HMRC: bank levy**”.

Amendment of regulation 11

14.—(1) Regulation 11 (production of records) is amended as follows.

- (2) In both sub-paragraph (a) and (b) of paragraph (1), for “regulation 4A, 4B, 4C, 5, 5A or 5B (as the case may be)” substitute “these Regulations”.

Amendment of regulation 13

15.—(1) Regulation 13 (penalty for unpaid tax) is amended as follows.

(2) For “regulation 4A, 4B, 4C, 5, 5A or 5B (as the case may be)” substitute “these Regulations”.

Regulations 4, 4A, 4B, 4C and 4D

16. Regulations 4, 4A, 4B, 4C and 4D are omitted.

7th November 2017

David Rutley
David Evennett
Two of the Lords Commissioners of Her
Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Regulations amend the Corporation Tax (Instalment Payments) Regulations 1998 (S.I. 1998/3175) (“the Principal Regulations”) to provide for new instalment dates in respect of very large companies and related matters. By regulation 1(2), the Regulations have effect in relation to accounting periods beginning on or after 1st April 2019.

By regulation 3, new definitions are inserted into regulation 2 of the Principal Regulations, including a substituted definition of “large company” and a new definition of “very large company”.

By regulation 4, regulation 3 of the Principal Regulations is substituted by a new regulation 3 which defines large and very large companies. A new regulation 3A is also inserted to provide that those companies which pay the bank levy are either large companies or very large companies. In consequence, a company may be a large company or a very large company by virtue of regulation 3 or (if it pays the bank levy) by regulation 3A.

Regulation 5 inserts new regulations 5AZA, 5AZB and 5AZC into the Principal Regulations. Regulation 5AZA provides for the instalment dates for very large companies, except in respect of amounts falling with regulation 5AZC or 5A. Regulation 5AZB provides for the amounts of a very large company’s liability for an accounting period which are payable on the dates provided by regulation 5AZA. Regulation 5AZC provides for a very large company’s liability for the bank levy for an accounting period to be payable in accordance with regulation 5 of the Principal Regulations, subject to modifications.

Regulation 6 amends regulation 5A of the Principal Regulations in respect of very large companies. Regulation 7 amends cross-references in regulation 5B of the Principal Regulations.

Regulation 8 amends regulation 6 of the Principal Regulations in respect of repayments and very large companies and omits references to regulations of the Principal Regulations in consequence of the revocation made by regulation 16.

Regulations 9 to 11 amend respectively regulations 7 to 9 of the Principal Regulations. The amendments made are that references to very large companies are inserted and references to regulations of the Principal Regulations are omitted in consequence of the revocation made by regulation 16.

Regulations 12, 14 and 15 amend respectively regulations 10, 11 and 13 of the Principal Regulations. The amendments made are that references to regulations of the Principal Regulations are omitted in consequence of the revocation made by regulation 16.

Regulation 13 amends the title to regulation 10A of the Principal Regulations such that it more accurately describes the content of that regulation.

Regulation 16 revokes regulations 4, 4A, 4B, 4C and 4D of the Principal Regulations which no longer have effect.

A Tax Information and Impact Note covering this instrument was published on 2nd December 2015. This has been updated as a result of changes to the impacts as a result of this instrument, and will be available on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.