
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2019, Cross
Heading: Adjusted net group-interest expense: capitalised interest. (See end of Document for details)

SCHEDULES

SCHEDULE 11

CORPORATE INTEREST RESTRICTION

Adjusted net group-interest expense: capitalised interest

- 5 Section 410 (net group-interest expense), after subsection (5) insert—
- “(5A) If, on the assumption that subsections (3) and (5) applied to relevant assets, an amount would, in accordance with subsection (3) or (5), have been treated as included in A or B in subsection (1)—
- (a) as an amount attributable to the capitalised expense, or
 - (b) as an amount attributable to the capitalised income,
- none of that amount is to be included in A or B in that subsection.”
- 6 (1) Section 413 (adjusted net group-interest expense) is amended as follows.
- (2) In subsection (3)—
- (a) in paragraph (a), for “an asset or liability” substitute “ a non-financial asset or non-financial liability ”, and
 - (b) in paragraph (b), after “an amount that” insert “ , in the case of a non-financial asset, ”.
- (3) In subsection (4)—
- (a) in paragraph (a), for “an asset or liability” substitute “ a non-financial asset or non-financial liability ”, and
 - (b) in paragraph (b), after “an amount that” insert “ , in the case of a non-financial asset, ”.
- (4) For subsection (5) substitute—
- “(5) For the purposes of subsections (3)(a) and (b) and (4)(a) and (b)—
- (a) an asset is a “non-financial asset” if it is not a financial asset for accounting purposes or it is a share in a company,
 - (b) a liability is a “non-financial liability” if it is not a financial liability for accounting purposes or it is in respect of a share issued by a company, and
 - (c) references to amounts brought into account in determining the carrying value of a non-financial asset or non-financial liability do not include amounts so brought into account as a result of writing off any part of an amount which was itself so brought into account;
- and in paragraphs (a) and (b) “share” has the meaning given by section 476(1) of CTA 2009.”
- 7 (1) Section 423 (capitalised interest brought into account for tax purposes in accordance with GAAP) is amended as follows.

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(2) After subsection (2) insert—

“(2A) Section 413 has effect, in the case of a GAAP-taxable asset that is a relevant asset, as if—

- (a) the definition of “upward adjustment” included so much of its carrying value written down in the group's financial statements for the relevant period of account as is attributable to a relevant expense amount brought into account in the group's financial statements in determining its carrying value, and
- (b) the definition of “downward adjustment” included so much of the reduction of its carrying value written down in the group's financial statements for the relevant period of account as is attributable to a relevant income amount brought into account in the group's financial statements in determining its carrying value.

(2B) For the purposes of subsection (2A) it does not matter whether the relevant expense or income amount is brought into account in determining the asset's carrying value in the group's financial statements for the relevant period of account or an earlier period.”

(3) In subsection (3), for “But subsection (2)(b) of this section is of no effect where” substitute “ But subsections (2)(b) and (2A) of this section are of no effect so far as ”.

(4) In subsection (4), at the end insert “ (and, for the purposes of this subsection, an asset is a GAAP-taxable asset even if an election under section 730 of CTA 2009 is, or could be, made in respect of it) ”.

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