

Bill 6: Group Relief

Summary

1. This paper presents draft clauses which rewrite the group relief provisions in Chapter 4 of Part 10 of and Schedules 18 and 18A to ICTA.
2. In their rewritten form the draft clauses form a single Part consisting of seven Chapters.
3. The paper contains:
 - the draft clauses, with origins;
 - draft explanatory notes; and
 - draft notes outlining two proposed changes in the law.
4. Committee members will see that the clauses contain references to “total profits”, “income and chargeable gains” and “net profits”. These terms reflect the present state of our work on the corporation tax computation, but may need to change as our thinking and work on the computation develops.
5. For the purposes of the present draft the term “total profits” is used to describe a sum which includes everything within the charge to corporation tax, including chargeable gains. This sum is arrived at without any deductions, except those allowed in arriving at the constituent parts of a company’s income or in calculating its chargeable gains. The term “income and chargeable gains” is used where there is a need to refer to the components of “total profits”.
6. “Net profits” means total profits less the deductions (such as group relief and losses) that are made in calculating a company’s profits chargeable to corporation tax.

Questions for the committee

7. We would be grateful for any comments you may have on these draft clauses.
8. In particular, we would welcome comments on the proposals outlined in the two draft Change Notes which are intended for inclusion in Annex 1 to the explanatory notes on the Bill.

Closing date for comments

9. We would welcome any comments by 14 December 2007. If possible, they should be sent by e-mail to:

jackie.bartlett@hmrc.gsi.gov.uk

Written comments should be sent to:

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10. Please note that the names of respondents may be published unless they ask for their comments to be treated in confidence.

6 September 2007