STATUTORY INSTRUMENTS

2024 No. 1307

CORPORATION TAX

The Controlled Foreign Companies (Reversal of State Aid Recovery) Regulations 2024

Made - - - -	*9th December 2024*
Laid before the House of Commons	*10th December 2024*
Coming into force	*31st December 2024*

The Treasury make these Regulations in exercise of the powers conferred by paragraph 10(1) of Schedule 7ZA to the Taxation (International and Other Provisions) Act 2010(**a**).

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Controlled Foreign Companies (Reversal of State Aid Recovery) Regulations 2024 and come into force on 31st December 2024.

(2) In these Regulations, "relevant adjustment" means—

(a) any adjustment or amendment to any company tax return, self-assessment, or statement,

(b) any adjustment or amendment to, or making, giving or withdrawal of, any claim, election, application or notice, and

(c) in the case of a relevant adjustment under regulation 2(2)(b), any adjustment or amendment to any discovery assessment or discovery determination.

Reversal of state aid recovery

2.—(1) An officer of HMRC must—

(a) give a notice (a "reversal notice") to any company affected by Schedule 7ZA ("Schedule 7ZA") of the Taxation (International and Other Provisions) Act 2010, and

(b) cancel any interest charging notice given to the company.

(2) A reversal notice must—

(a) cancel any charging notice and consequential amendment notice given to the company, and

(b) make any relevant adjustment, in relation to the company, relating to any accounting period, which the officer considers appropriate for the purposes of securing, so far as reasonably practicable, that the company is put into the position it would have been in if—

(i) the Commission Decision had not been made, and

(**a**) 2010 c. 8. Schedule 7ZA was treated as inserted by Schedule 4 paragraph (b) of the Taxation (Post-transition Period) Act 2020 (c. 26).

(ii) Schedule 7ZA had not had effect.

(3) A reversal notice must be given and any interest charging notice cancelled as soon as reasonably practicable after these Regulations come into force.

Consequential adjustments

3.—(1) A company affected by a reversal notice may make a relevant adjustment in relation to an amount—

(a) arising in consequence of a relevant adjustment made in a reversal notice, and

(b) relating to any accounting period ending on or after 1st January 2019.

(2) A relevant adjustment under this regulation must be made within a period of 12 months beginning immediately after the end of the accounting period of the company in which the reversal notice is given (whether given to that company or another company).

(3) If a relevant adjustment relates to a claim, election, application or notice previously made or given, the claim, election, application or notice must be revoked or varied—

(a) in the same manner as it was made or given, and

(b) by or with the consent of the same person or persons who made, gave or consented to it.

(4) If the effect of a relevant adjustment under this regulation would be to alter the liability to tax of another person, the adjustment may not be made except with the consent in writing of that other person.

(5) Where a relevant adjustment under this regulation is made so as to increase the liability to tax of another person, paragraph 61 of Schedule 18 to FA 1998(**a**) does not apply in relation to any amendment or assessment made because of that increased liability.

Consequences of relevant adjustment

4. Where a relevant adjustment is made under these Regulations, all such adjustments must be made, whether by way of discharge or repayment of tax or the making of amendments, assessments or otherwise, as are required to take account of the effect of the taking of that action on any person's liability to tax for any chargeable period.

Appeals

5.—(1) An appeal against a charging notice or a consequential amendment notice is treated as withdrawn when a reversal notice is given to the appellant company.

(2) A company may appeal against a reversal notice or a decision by HMRC on a relevant adjustment under regulation 3.

(3) Notice of an appeal must be given to HMRC, in writing, within a period of 30 days beginning with the day on which the notice is given or the decision is notified.

(4) The notice of appeal must specify the grounds of appeal.

(5) On appeal of a reversal notice under this regulation, the Tribunal may—

(a) confirm the reversal notice to which the appeal relates, or

(b) amend the reversal notice.

(6) References in Part 5 of TMA 1970(**b**) (appeals etc) to an assessment are to be read as including a reversal notice.

Vicky Foxcroft
Anna Turley

(**a**) 1998 c. 36.
(**b**) 1970 c. 9.

9th December 2024 Two of the Lords Commissioners of His Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

Schedule 7ZA ("Schedule 7ZA") to the Taxation (International and Other Provisions) Act 2010 made provision to recover State aid found to be unlawful by the Commission Decision (EU) 2019/1352 of 2 April 2019 on the state aid SA.44896 implemented by the United Kingdom concerning the CFC Group Financing Exemption. These Regulations are made following the annulment of that decision to put, so far as is reasonably practicable, any company affected by Schedule 7ZA back in the position it would have been in if the Commission Decision had not been made and that Schedule had not had effect.

Regulation 1 defines a "relevant adjustment", this sets out the type of adjustments that can be made to a company's tax position by HMRC and companies under these Regulations.

Regulation 2 requires an officer of HMRC to give a reversal notice to any company affected by Schedule 7ZA and cancel any interest charging notice given under that Schedule. A reversal notice must cancel any charging notice and consequential amendment notice given to the company and make appropriate relevant adjustments to secure, so far as reasonably practicable, that the company is put into the position it would have been in if the Commission Decision had not been made and Schedule 7ZA had not had effect.

Regulation 3 permits, subject to specified limitations, a company affected by a reversal notice to make relevant adjustments which are consequential to a reversal notice.

Regulation 4 provides for the making of such adjustments as necessary to give effect to a relevant adjustment.

Regulation 5 provides that an appeal against a charging notice or consequential amendment notice under Schedule 7ZA is treated as withdrawn when a reversal notice is given and makes provisions in relation to an appeal against a reversal notice or decision on a consequential adjustment under regulation 3.

A Tax Information and Impact Note covering this instrument was published on 8 December 2020 alongside Taxation (Post-transition Period) Act 2020 and is available on the website at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins. It remains an accurate summary of the impacts that apply to this instrument.

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