STATUTORY INSTRUMENTS

2025 No. 1253

CORPORATION TAX

The Corporation Tax Act 2010 (Part 8C) (Amendment) Regulations 2025

Approved by the House of Commons

Made - - - -	*at 1.50 p.m. on 1st December 2025*
Laid before the House of Commons - - - -	*at 4.30 p.m. on 1st December 2025*
Coming into force - -	*15th January 2026*

The Treasury make these Regulations in exercise of the power conferred by section 357YW(1) of the Corporation Tax Act 2010(**1**).

Citation and commencement

1. These Regulations may be cited as the Corporation Tax Act 2010 (Part 8C) (Amendment) Regulations 2025 and come into force on 15th January 2026.

Amendment of Part 8C of the Corporation Tax Act 2010

2. Part 8C of the Corporation Tax Act 2010(**2**) is amended in accordance with regulations 3 to 6.

Exclusion of simple interest

3. In section 357YC (meaning of "restitution interest")—

(a) in subsection (4), after "simple interest at a" insert—

"rate equivalent to or lower than a", and

(b) in subsection (5), after "simple interest at a" insert—

"rate equivalent to or lower than a".

4. In section 357YD (further provision about amounts included, or not included, in "restitution interest")—

(a) in subsection (1), in paragraph (b), after "simple interest at a" insert—

"rate equivalent to or lower than a", and

(**1**) 2010 c. 4; section 357YW was inserted by section 38(3) of the Finance (No. 2) Act 2015 (c. 33).
(**2**) Part 8C was inserted by section 38(3) of the Finance (No. 2) Act 2015.

(b) in subsection (2), after "simple interest at a" insert—

"rate equivalent to or lower than a".

5. In section 357YO (duty to deduct tax from payments of restitution interest), in subsection (4), after "simple interest at a" insert—

"rate equivalent to or lower than a".

Amendment of assessment time limit

6. In section 357YQ (assessment of tax chargeable on restitution interest), after subsection (1) insert—

"(1A) An assessment under this section may be made at any time before the later of—

(a) the end of the period of 2 years after the end of the accounting period in which Condition B in section 357YC is met, and

(b) the end of any period within which the assessment may otherwise be made under any other provision of the Taxes Acts (within the meaning of section 118(1) of TMA 1970).".

Gen Kitchen
Stephen Morgan
Two of the Lords Commissioners of His Majesty's Treasury

at 1.50 p.m. on 1st December 2025

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Regulations amend Part 8C of the Corporation Tax Act 2010 ("CTA 2010") which was inserted into the CTA 2010 by section 38(3) of Finance (No. 2) Act 2015. Part 8C applies a corporation tax rate of 45% to payments of restitution interest made by the Commissioners for His Majesty's Revenue and Customs ("HMRC").

Regulations 3 to 5 provide that Part 8C of the CTA 2010 does not apply to awards of simple interest that are at a rate equivalent to or lower than a statutory rate (which is defined by section 357YU(2) of the CTA 2010 as a rate equal to a rate specified for purposes relating to taxation in a provision in or made under an Act of Parliament).

Regulation 6 provides that an assessment of tax chargeable on restitution interest made under Part 8C of the CTA 2010 can be made at any time before the end of the period of 2 years after the end of the accounting period in which Condition B in section 357YC is met or the end of any period within which the assessment may otherwise be made under any other provision of the Taxes Acts, whichever is later. This provides that assessments can be made for adjustments made under sections 357YE and 357YH of the CTA 2010 where restitution interest is brought into account at a time before a court has made a final determination or before HMRC has entered into a final settlement to pay restitution interest.

A Tax Information and Impact Note covering this instrument will be published on the website at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins.