

Losses, etc. which may be surrendered by means of group relief. CTA76 s116(1) to (8) and (10) 420.—(1)
Where in any accounting period the surrendering company has incurred a loss, computed as for the purposes of section 396 (2), in carrying on a trade, the amount of the loss may be set off for the purposes of corporation tax against the total profits of the claimant company for its corresponding accounting period; but this subsection shall not apply to so much of a loss as is excluded from section 396 (2) by section 396 (4) or 663.

(2) Where for any accounting period any capital allowances are to be made to the surrendering company which are to be given by discharge or repayment of tax or in charging its income under Case V of Schedule D and are to be available primarily against a specified class of income, so much of the amount of those capital allowances (exclusive of any carried forward from an earlier period) as exceeds its income of the relevant class arising in that accounting period (before deduction of any losses of any other period or of any capital allowances) may be set off for the purposes of corporation tax against the total profits of the claimant company for its corresponding accounting period.

(3) Where for any accounting period the surrendering company (being an investment company) may under section 83 (2) deduct any amount as expenses of management disbursed for that accounting period, so much of that amount (3)) as exceeds the company's profits of that accounting period may be set off for the purposes of corporation tax against the total profits of the claimant company (whether an investment company or not) for its corresponding accounting period.

(4) The surrendering company's profits of the period shall be determined for the purposes of subsection (3) without any deduction under section 83 and without regard to any deduction to be made in respect of losses or allowances of any other period.

(5) References in subsections (3) and (4) to section 83 shall not include references to that section as applied by section 707 to companies carrying on life business.

(6) Where in any accounting period the surrendering company has paid any amount by means of charges on income, so much of that amount as exceeds its profits of the period may be set off for the purposes of corporation tax against the total profits of the claimant company for its corresponding accounting period.

(7) The surrendering company's profits of the period shall be determined for the purposes of subsection (6) without regard to any deduction to be made in respect of losses or allowances of any other period or to expenses of management deductible only by virtue of section 83 (3).

(8) In applying any of the preceding subsections in the case of a claim made by a company as a member of a consortium, only a fraction of the loss referred to in subsection (1), or of the excess referred to in subsection (2), (3) or (6), as the case may be, may be set off under the subsection in question, and that fraction shall be equal to that member's share in the consortium, subject to any further reduction under section 422 (2).

(9) (a) References in the preceding subsections to a surrendering company shall not include references

to a company carrying on life business.

(b) For the purposes of this section, “life business” shall be construed in accordance with section 706 (1).