

Company joining or leaving group or consortium. CTA76 s119 423.—(1) Subject to this section, group relief shall be given only if the surrendering company and the claimant company are members of the same group, or fulfil the conditions for relief for a consortium, throughout the whole of the surrendering company's accounting period to which the claim relates and throughout the whole of the corresponding accounting period of the claimant company.

(2) Where on any occasion 2 companies become or cease to be members of the same group, then, for the purposes specified in subsection (3), it shall be assumed as respects each company that on that occasion (unless a true accounting period of the company begins or ends then) an accounting period of the company ends and a new one begins, the new accounting period to end with the end of the true accounting period (unless before then there is a further break under this subsection) and—

(a) that the losses or other amounts of the true accounting period are apportioned to the component accounting periods on a time basis according to their lengths, and

(b) that the amount of total profits for the true accounting period of the company against which group relief may be allowed in accordance with section 421 (2) is also so apportioned to the component accounting periods.

(3) Where the one company is the surrendering company and the other company is the claimant company—

(a) references in section 420 to accounting periods, to profits, and to losses, allowances, expenses of management or charges on income of the surrendering company, shall be construed in accordance with subsection (2);

(b) references in subsection (1) and in section 422 to accounting periods shall be so construed that if the 2 companies are members of the same group in the surrendering company's accounting period they shall under section 422 also be members of the same group in any corresponding accounting period of the claimant company;

(c) references in section 422 to profits, and amounts to be set off against the profits, shall be so construed that an amount apportioned under subsection (2) to a component accounting period may fall to be reduced under section 422 (2).

(4) Subsections (2) and (3) shall apply with the necessary modifications where a company begins or ceases to fulfil the conditions for relief for a consortium, either as a surrendering company or as a claimant company, as they apply where 2 companies become or cease to be members of the same group.