HMRC - CFM98230 - Rules: Carry Forward Of Interest Disallowance

TIOPA10/S378-S379 and SCH7A/PARAS 25-26

Where a UK group company has been subject to interest restriction in a period, the amounts of restricted tax-interest become an attribute of the company and it is possible for the amounts disallowed to be reactivated in a later period. Carry forward is at the level of the individual UK group company, rather than the worldwide group.

The amounts so carried forward do not time-expire, and can be carried forward indefinitely until they subject to reactivation. However, amounts expire in the following circumstances.

In relation to trading amounts, where the company ceases to carry on the trade or its scale becomes negligible.

In relation to trading amounts, where the trade becomes uncommercial and non-statutory.

In relation to amounts taken into account in computing the profits or losses of an investment business, where the company ceases to carry on the business or its scale becomes negligible.

The carry forward of disallowed amounts and their reactivation is dealt with in the pages of this guidance in more detail as follows.

Identification of items left out of account (company level) CFM98660

Disallowed amounts carried forward (company level) CFM98670

Reactivation of disallowed amounts (company level) CFM98680

Statements of allocated interest reactivations (group level) CFM98610

Computing tax-interest available for reactivation (company and group level) CFM98620

Identification of reactivated amounts (company level) CFM98690

Set off of disallowances and reactivations (company level) CFM98700

Previous page

Next page