HMRC - CTM80670 - Example: Consortium Relief Generally

The percentages shown in this diagram indicate beneficial ownership of ordinary share capital and you should assume that the arrangements rules (CTA10/Ss146A, 146B, and 155) do not apply.

The votes and entitlement to profits and assets on winding up follow the shareholdings shown (see CTA10/Ss151(4) for Q, R, S, and T (CTM80535), and Ss143(3) and 144(3) for the ownership proportions of W, X, Y, and Z in H (CTM80540 and CTM80545)).

All parties have an accounting period of 12 months to 31 December 2011, and the percentages shown remain constant throughout the accounting period.

H, a holding company, has the following trading subsidiaries shown above: Q, R, S, and T..

W, X, Y, and a bank Z are members of the consortium. Bank Z holds the shares in H on trading account. Each of the four companies in the consortium has ample profits to absorb any relief surrendered by the holding company and its subsidiaries.

The accounts of the following companies for the 12 months to 31 December 2011 give results as follows.

All the companies, including Z, give consent to claims for consortium relief. The members of the consortium may then obtain consortium relief as follows.

W

X

Y

Under CTA10/S153(3) there is no relief due to any of the members of the consortium for S’s loss because S is not a 90% trading subsidiary of H (CTM80535).

Z is not entitled to any relief (CTA10/S132(4) - CTM80530) because a profit on the sale of the shares it holds in H would be a trading receipt.

Losses, etc, to carry forward

The balance of losses and other amounts not surrendered may be carried forward by each company as follows.

Previous page

Next page