HMRC - CTM81525 - Groups: Group Relief: Surrendering Company Not UK Resident: Amount Of The Loss: The Qualifying Loss Condition

ICTA88/S403F (2)(c) & ICTA88/SCH18A (5), (6), (7) & (8)

There are four conditions, which must be satisfied before a loss arising in a 75% subsidiary resident in another European Economic Area (EEA) territory will be available for group relief in the UK, (CTM81510). The third of these is the ‘qualifying loss condition’, which in turn has three conditions which need to be met.

Broadly a ‘qualifying loss’ is one:

that cannot be relieved in the current or previous periods in the EEA territory in which the subsidiary is resident; (CTM81530), and

that cannot be relieved in future periods in the EEA territory in which the subsidiary is resident; (CTM81535), and

that has not been otherwise relieved outside the UK; (CTM81540).

UK group relief will only be available for a loss that meets all three of those conditions.

Taken together they form a stringent test, which is likely to apply only in extremely restricted circumstances.

There are worked examples at CTM81620.

Note

In the context above relief takes a wide meaning and includes amounts taken into account in arriving at profits, income or gains as well as amounts otherwise given as tax relief, for example by credit or reduction of tax liability, or any other way in which the loss is given up for value.

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