HMRC - CTM81570 - Groups: Group Relief: Surrendering Company Not UK Resident: Amount Of The Loss: UK Recomputation: Accounting Periods

ICTA88/SCH18A (14)

In order to quantify the loss eligible for relief, the foreign loss is to be recomputed in accordance with UK principles, (CTM81560).

To enable the recomputation to be carried out, the extended rules require assumptions tobe made about the surrendering company. One of those assumptions relates to the accounting period.

It is assumed that an accounting period for UK CT purposes begins at the start of the loss period.

In the following paragraphs a reference to a ‘loss period’ is to be read as a reference to the period defined by the rules of the relevant European Economic Area (EEA) territory for which the EEA tax loss is computed. This could be an accounting period, a tax return period or some other period where these are coincident.

The deemed accounting period for the purposes of the recomputation ends on the earlier of:

12 months from the beginning of the loss period, or

the end of the loss period.

Where the deemed accounting period ends on the former of the above dates it is assumed that a further accounting period begins when the previous deemed accounting period ends.

That further deemed accounting period ends on the earlier of:

12 months from the beginning of the further deemed accounting period, or

the end of the loss period.

Where the deemed accounting period/periods of the surrendering company does/do notcoincide with those of the claimant company, the normal apportionment rules atICTA88/S403A – S403B apply as they would to UK only groups, (CTM80215).

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