HMRC - CTM81580 - Groups: Group Relief: Surrendering Company Not UK Resident: Amount Of The Loss: UK Recomputation: Intangible Assets

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 to be made about the surrendering company. One of those assumptions relates to intangible assets held by the surrendering company.

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.

On the assumption that the company becomes resident in the UK from the beginning of the loss period the provisions in FA02/SCH29/PARA110 (CIRD47020) determine when an asset held by the company becomes a chargeable intangible asset. Paragraph 110 has the effect of treating the asset as being acquired by the company immediately after it became a chargeable intangible asset for its accounting value at that time. The accounting value of the asset should be determined on the basis that UK GAAP has applied throughout the lifetime of the asset, or where the company uses International Accounting Standards, thatFA02/SCH29/PARA13 applied on transition to the International Accounting Standards.

Previous page

Next page