HMRC - CTM81600 - Groups: Group Relief: Surrendering Company Not UK Resident: Claims In Respect Of Overseas Losses Of Non Resident Companies: Overview

Mechanics of claims and compliance

Special rules apply to the process of claims in respect of group relief surrendered by a 75% subsidiary resident in another European Economic Area (EEA) territory,(FA98/SCH18/PARA77A).

All compliance obligations are put onto the claimant company. This includes verifying that the claim has been computed correctly and satisfies all the relevant conditions.

If an enquiry is opened into the claim in respect of group relief surrendered by a 75% subsidiary resident in another EEA territory, the claimant company may be asked to provide further documentation to prove this.

How the rules work - process for claiming group relief

The existing time limit for making claims to group relief of two years from the end ofthe accounting period of the UK claimant company also applies to the new extended relief.

The obligation to verify that the claim has been computed correctly and satisfies all the conditions mentioned above is placed in full on the UK claimant company.

As with existing claims to group relief for UK losses, this involves entering the amount claimed on page three of the company tax return form (CT600) and filling in supplementary pages – ‘group and consortium’ (CT600C). It is not necessary to provide the tax reference details of the foreign surrendering company.

Companies should also tick the new box C1C to indicate that this is a claim to group relief where the surrendering company is not resident in the UK.

As with existing group relief, a notice of consent from the surrendering company must be included with the claim to group relief for it to be valid. This must contain:

the name of the surrendering company,

the name of the company to which relief is being surrendered,

the original EEA amount of relief being surrendered,

the amount being claimed,

the deemed accounting period of the surrendering company to which the surrender relates, and

the HMRC reference of the company to which relief is being surrendered.

The claimant company may also want to provide schedules containing details of the recalculation and an explanation showing why the amount claimed meets all the relevant conditions.

Where a surrendering company wishes to amend the amount of group relief it has surrendered, the claimant company must send the notice of withdrawal, and any new notice of consent to an officer of HMRC.

All communication from HMRC will be to the claimant company (including notices containing directions).

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