HMRC - CTM81620 - Groups: Group Relief: Surrendering Company Not UK Resident: Example: The Qualifying Loss Condition

Assume there are no differences between UK and foreign measures of income and expenditure.

Foreign computation

UK recomputation

The company was dissolved on the last day of the accounting period, and apart from the sideways set-off of £100 of the loss, there is no other possibility whatsoever of relief for the loss in any way.

A UK company could choose to surrender all £300 as group relief, leaving £100 of other income within the charge to tax, as the company does not have to use trading losses and non trading loan relationship deficits against its other profits first (CTM80110).

However a foreign loss or other amount only meets the qualifying loss condition to the extent that relief cannot be given for any period. In the European Economic Area territory £100 of either the foreign trading loss or the foreign non-trade interest has been relieved against the other foreign income. This amount does not meet the qualifying loss condition and therefore the amount available for relief in the UK is £200.

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