HMRC - CTM81625 - Groups: Group Relief: Surrendering Company Not UK Resident: Examples: Comparison Of UK And EEA Loss

Example 1

Assume there are differences between UK and foreign measures of income and expenditure. Accounting standards for example may differ concerning recognition of income.

Foreign computation

UK recomputation

\*Because of differences in income recognition in UK GAAP versus foreign stateaccounting rules.

The amount of the trading loss available for surrender is the amount computed on UK taxprinciples. The amount here is £50.

Example 2

Foreign computation

UK recomputation

\*(If the differences between the UK and foreign measure of income result from timingissues, so the additional £150 of loss would either have already been recognised in theforeign territory in an earlier period or will be recognised in a later period and sopossibly be relievable in a future period.)

The amount of the trading loss available for surrender is £200.

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