HMRC - CTM95440 - CTSA: Conclusiveness Of Amount

FA98/SCH18/PARA7

CTSA accounting periods

When a negative amount in a company tax return is final (say, because of the passage of time) it is conclusive of the quantum of the amount. The company must use the same figure for that amount in any other return and SA affected by it.

If the company or the Revenue amends the return, and the amendment has become final, any negative amounts in the amended return are conclusive for the purpose of any other returns.

When a negative amount is carried forward to a return for a later accounting period, including it in the later return does not give you a second opportunity to enquire into it. An example is a loss carried forward and set off against the profit of a later accounting period.

However, this does not prevent an enquiry into the later return covering matters relating to how the company used the negative amount in the later return.

This point is illustrated in the example below:

Company A delivers a return for the accounting period ended 31 December 2000 showing a trading loss of £40,000.

It delivers the return before the filing date.

The time limit for opening an enquiry into the return is 31 December 2002, and this date passes without an enquiry being made.

Company A’s return for the period to 31 December 2001 shows trading profits of £100,000 less trading losses brought forward of £40,000.

It delivers the return before the filing date.

On 1 July 2003 you issue a notice of enquiry into the return.

In this enquiry, you cannot enquire into the £40,000 loss. You can enquire into whether relief for the loss can properly be given against the trading profit of 2001.

CTPF accounting periods

A determination of a negative amount under TMA70/S41A is final in the absence of an appeal, or when the Commissioners or Courts determine it on appeal subject to:

the company claiming relief under TMA70/S36 (3) against an assessment made to recover tax lost attributable to fraudulent or negligent conduct (EM3905 - EM3906),

the company claiming (or varying a claim to) relief under TMA70/S43A where the claim is ‘relevant’ to a non-culpable discovery assessment (AP2170),

you making a direction under TMA70/S41B (see CTM95590).

Previous page

Next page