HMRC - OT13160 - - Interaction With Safeguard

The legislation covering spreading elections ceased to have effect in relation to chargeable periods beginning after 30 June 2009.

OTA75\Sch3\Para9 & Para10

Under OTA75\Sch3\Para9(4), where a spreading election has been made, and a participator’s PRT payable falls to be reduced because safeguard applies (see OT17525), the safeguard reduction is computed by comparing the safeguard limit with the lower of

the tax which would have been due if no spreading election had been made and

the tax due, taking into account the spreading election.

Thus the safeguard reduction is calculated, (a) on the basis of there being no spreading election and (b) on the basis of there being one. The lower reduction is then reflected in the assessment.

In calculating the ‘safeguard capital base’ (see OT17550), the full amount of any expenditure qualifying for supplement and spread under an election is taken into account to ensure that it totals what it would have done for each relevant chargeable period had no spreading election been made.

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