HMRC - OT18135 - PRT: Transfer Of Licence Interests - Terminal Losses Accruing In Chargeable Periods Ending Before 17 March

The earlier version of FA80\SCH17\PARA15 applied to losses accruing in chargeable periods ending before 17 March 2004. Where the loss accruing to the NP exceeds the NP’s assessable profits the remaining loss is relieved against the assessable profits of the OP. The amount of the loss that can be relieved against the assessable profits of the OP is not then available as an UFL of the NP.

The main differences between these rules and the current rules is that the loss can only be relieved against the assessable profits of the immediate predecessor (or predecessors if there is more than one OP in relation to the NP) and that the assessable profits that can be relieved are not limited to those attributable to the OP’s represented interest.

The loss that can be set against the OP’s assessable profits is relieved first against the assessable profit arising in the latest possible chargeable period with any balance of the loss offset against the profits of previous periods, working backwards until it is exhausted.

Where a person is a NP in relation to two or more OPs and the terminal loss available is not sufficient to cover the assessable profits of all of the OPs in a chargeable period, the loss is allocated on a just and reasonable basis taking account of the interests transferred by each of them to the NP.

Where a person is an OP in relation to two or more NPs and losses of more than one of the NPs are relievable against the profits of the OP, the losses are relievable on a just and reasonable basis taking account of the interests transferred to each of them by the OP.

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