HMRC - OT21222 - The Supplementary Charge - Ring Fence Trading Loss With Negative Finance Costs

Relief is available for CT ring fence trading losses (see OT21051). Where these losses are utilised against ring fence trading profits any negative financing costs should also be excluded from the supplementary charge computations.

Where only part of the CT ring fence trading loss is used then a proportionate part of the negative finance costs should be excluded.

CT ring fence trading losses carried back or carried forward

Where CT ring fence trading losses are carried back to an earlier accounting period the supplementary charge for that period must be recalculated, leaving out the finance charges attributable to the loss carried back.

The same principle applies to losses carried forward.

CT ring fence trading losses surrendered for group relief

The calculation of the claimant company’s adjusted ring fence profits must leave all financing costs of out account. This includes the financing costs attributable to the surrendered losses.

For example if the surrendering company had a ring fence trade loss of (100) all of which is surrendered, with negative financing costs of (50) then the claimant company’s adjusted ring fence profits would be reduced by 150.

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