HMRC - OT26095 - Post-Commencement Period

ICTA88\Sch19B\para15

A qualifying company (OT26085) carrying on a ring fence trade (OT21002) which incurs a loss in an accounting period is, subject to certain conditions, entitled to claim EES on the proportion of the ring fence loss which can be attributed to qualifying E&A expenditure.

The ring fence loss on which EES can be claimed may not include any losses attributable to qualifying E&A expenditure that are, or could be set against profits under the provisions of ICTA88\S393A, whether or not such a claim is actually made. The EES allowed is then treated as if it were part of the trade losses of the period, which can be carried forward under ICTA88\S393.

EES can be claimed on qualifying proportion of ring fence losses carried forwards, together with any accumulated EES from earlier periods that has not been set against ring fence profits, and to the extent there are no unrelieved group ring fence profits (OT26087). This can persist for a maximum of 6 accounting periods, which need not be consecutive.

Claims for post-commencement EES are made under the same rules as for group relief ICTA88\Sch19B\para15(3). A company does not have to claim, or claim the full amount of EES for a period.

A pooling system is used to keep amounts of qualifying E&A expenditure and losses attributable to EES separate from non-qualifying expenditure. The computation of the qualifying E&A loss for a post-commencement period is explained in OT26097, the different pools are explained in OT26098 and the application of the pools to EES claims is explained in OT26099.

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