HMRC - OT26099 - Post-Commencement EES - Using The Pools

ICTA88\Sch19B\para 19, ICTA88\Sch19B\para 20 & ICTA88\Sch19B\para 21

The EES pools work in the following way.

The qualifying pool consists of the company’s qualifying E&A losses of a period, plus qualifying E&A losses from earlier periods and any post-commencement EES claimed in respect of those losses.

The non-qualifying pool consists of the company’s other ring fences losses that are not qualifying E&A losses.

The balances in the qualifying and non-qualifying pools of a post-commencement period may be reduced if loss relief is given under ICTA88\S393, or if there are unrelieved group ring fence profits.

If brought-forward ring fence losses are set against ring fence profits under ICTA88\S393, those losses are first set against the amount in the non-qualifying pool. If the losses exceed that amount, the difference reduces the amount in the qualifying pool.

Then, if there are unrelieved group ring fence profits for the period, the amount of those profits is first set against the amount remaining (if any) in the non-qualifying pool. If the unrelieved group ring fence profits exceed that amount, the difference reduces the amount remaining (if any) in the qualifying pool.

EES may then be claimed at a rate of 6% of the balance in the qualifying pool (reduced if the period is less than 12 months but see OT26088 if the claim is for a deemed accounting period ending on 31 December 2005), and added to the qualifying pool. The balance is carried forwards to the next period.

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