HMRC - OT26120 - Limit On Number Of Accounting Periods For Which Supplement May Be Claimed

CTA2010\S311

A qualifying company may claim RFES for up to six accounting periods. These do not need to be consecutive. This means, for example, an accounting period with taxable ring fence profits within a sequence of periods showing losses need not count against this total of six accounting periods. Alternatively, a company may choose not to claim RFES because it has not incurred much qualifying expenditure and does not want to use up one of its six claims.

Companies that have already claimed EES

A qualifying company may have made claims for EES in respect of accounting periods ending on or before 31 December 2005. For the purposes of the number of accounting periods for which RFES can be claimed, these EES claims count.

EES claims where company has an accounting period straddling 1 January 2006

In these circumstances, the straddling period is divided into two deemed accounting periods. The part that falls before 1 January 2006 is referred to as the ’Schedule 19B deemed accounting period’ and the part that falls after 1 January 2006 is the ’deemed accounting period’ as defined in CTA2010\S311(5) (see OT26115 ).

The company can make an EES claim in respect of the Sch19B deemed accounting period. The rate of supplement will be reduced by reference to the length of the Sch19B deemed accounting period if the claim is to post-commencement EES, but not if it is to pre-commencement EES. Any EES claim for this accounting period is however ignored in counting up the number of accounting periods for RFES purposes.

The company may also make an RFES claim in respect of the ‘deemed accounting period’, and again the rate of supplement will be reduced in proportion to the length of the deemed accounting period.

Ignoring the claim for the Sch19B deemed accounting period means that a company with an accounting period that straddles 1 January 2006 is no worse off than a company with a 31 December accounting date.

Previous page