HMRC - OT26150 - Pre-Commencement Pool - Reduction In Respect Of Unrelieved Group Ring Fence Profits

CTA2010\S318

The qualifying pre-commencement expenditure for an accounting period (E) is reduced first by capital allowances disposal proceeds (D) allocated to the period (see OT26145) and, if any remains, by unrelieved group ring fence profits of the period before it is added to the mixed pool for pre-commencement RFES.

The qualifying expenditure E less so much of D as is allocated to the period is then reduced by the aggregate of any unrelieved group ring fence profits (see OT26125) arising in the pre-commencement period. This reduction is made after any reduction arising from capital allowance disposal proceeds allocated to the period, but cannot reduce the balance to be added to the pool below nil.

Note that, if the unrelieved ring fence profits of the period exceed E as reduced by allocated disposal proceeds, the surplus is not carried back against qualifying expenditure of previous pre-commencement periods. This is different from the treatment of capital allowances disposal proceeds.

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