HMRC - OT26160 - Ring Fence Losses And Qualifying And Non-Qualifying E&A Losses

CTA2010\S323, CTA2010\S324

The starting point for a claim to post-commencement RFES for an accounting period is a loss arising in the ring fence trade in the period that could be carried forward under CTA2010\S45 and set against future trading profits.

The company is then assumed to have made every possible claim under CTA2010\S37 to set losses of the period against ring-fence profits of earlier post-commencement periods. This applies whether or not a claim under CTA2010\S37 is actually made.

The balance of the ring fence trading loss after those assumed CTA2010\S37 claims is the ‘ring fence loss’ of the accounting period. This amount is added to the ‘ring fence pool’ for the period of loss.

Special rules apply to determine the ‘ring fence loss’ where the loss in the ring fence trade arises in the part of the straddling period that begins on 1 January 2006 (the ‘deemed accounting period’). These are explained in OT26165.

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