



Overlap

Contacts

Please phone:

- the number printed on page TR 1 of your tax return
- the SA Helpline on **0845 9000 444**
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This helpsheet contains two Working Sheets:

- Working Sheet 1 allows you to work out your Foreign Tax Credit Relief position if you have overlap profits
- Working Sheet 2 will help you to calculate the Foreign Tax Credit Relief that must be recovered if you are now claiming overlap relief.

Working Sheet 1

You only need to complete this if your basis period for 2011–12 overlaps with that for 2010–11 and you are claiming Foreign Tax Credit Relief for 2011–12. Fill in a separate Working Sheet for each business in which you have an overlap.

Boxes 1 and 2

Enter the start and finish dates of your basis period for 2011–12 (from boxes 65 and 66 of your *Self-employment (full)* pages) and its length in months.

Boxes 3 to 17

Use these boxes to show the results of all accounts that cover the period in box 1. Where any period of account has had to be time-apportioned to determine the amount of taxable profits for 2011–12 (because it does not wholly coincide with the basis period), enter only the information relating to that part of the period of account which forms part of the basis period. Where a complete period of account falls wholly within the basis period shown in box 1, enter the information asked for without apportionment.

Boxes 18 to 21

Enter the totals for each column. The number of months shown at box 18 must be the same as box 2.

Example 1

You commenced business on 1 January 2011 and you make up your accounts for the six months from 1 January 2011 to 30 June 2011 and for the 12 months from 1 July 2011 to 30 June 2012. Your basis periods are as follows:

2010–11	1 January 2011 to 5 April 2011
2011–12	1 January 2011 to 31 December 2011

and your overlap period is 1 January 2011 to 5 April 2011 – see Example 2.

Enter the information, profits and so on shown in your accounts for the period 1 January 2011 to 30 June 2011 in boxes 3 to 7, and enter half of the profits and so on shown in your accounts for the period 1 July 2011 to 30 June 2012 in boxes 8 to 12 (that is, representing the profits etc. of the six months 1 July 2011 to 31 December 2011).

Box 22

Enter the start and finish dates of your basis period for 2010–11.

Boxes 23 and 24

Enter the start and finish dates, and the length in months, of the period that is common to both your 2010–11 and 2011–12 basis periods (the ‘overlap’ period).

Boxes 25, 29 and 33

Enter the number of months of the overlap period as shown in box 24.

Boxes 26, 30 and 34

Enter the number of months of the same period or periods of account shown in boxes 3, 8 and 13 that include the overlap period.

Example 2

So, continuing Example 1, if the overlap period is 1 January 2011 to 5 April 2011 (three months), ‘6’ would need to be entered in each of these three boxes, because this is the length in months of the period of account into which the three month overlap period falls.

Box 27

Enter the amount of total taxable profits (from boxes 5, 10 and 15) of the period or periods of account that includes the overlap period.

Box 28

Multiply the figure in box 27 by the fraction (box 25 divided by box 26) and enter the result in box 28.

Box 31

Enter the amount of foreign source profits (from boxes 6, 11 and 16) included in the total taxable profits of the period or periods of account which include the overlap period.

Box 32

Multiply the figure in box 31 by the fraction formed by the figure in box 29 divided by the figure in box 30 and enter the result in box 32.

Box 35

Enter the amount of foreign tax paid (from boxes 7, 12 and 17) on the foreign source profits shown in box 31.

Box 36

Multiply the figure in box 35 by the fraction formed by the figure in box 33, divided by the figure in box 34 and enter the result here.

Box 39

Enter the amount of Foreign Tax Credit Relief allowed in 2010–11 on the foreign source overlap profits shown in box 32.

Copy the figure in box 20 to column F (in the line giving other details for the business) on page F 6 of the *Foreign* pages.

Copy the figure in box 40 to column C (in the same line) of the *Foreign* pages.

Working Sheet 1

2011-12	1	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Basis period to	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Apportionments of accounts								
	3	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	to	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
	8	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	to	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
	13	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	to	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
2010-11	22	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	to	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Overlap	23	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	to	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Months								
	25	<input type="text"/> <input type="text"/>						
Overlap profits	26	<input type="text"/> <input type="text"/>				X	27	£ <input type="text"/>
	29	<input type="text"/> <input type="text"/>						
Foreign source profit included	30	<input type="text"/> <input type="text"/>				X	31	£ <input type="text"/>
	33	<input type="text"/> <input type="text"/>						
Foreign tax	34	<input type="text"/> <input type="text"/>				X	35	£ <input type="text"/>

2

4

9

14

Total of boxes
4 + 9 + 14

18

24

=

Profits

5 £

Foreign source profits

6 £

Foreign tax paid

7 £

10 £

11 £

12 £

15 £

16 £

17 £

Total of column above

19 £

Total of column above

20 £

Total of column above

21 £

28 £

=

32 £

=

36 £

Adding foreign tax paid on whole of taxable profits for 2011-12
(including overlap profits)

from box 21

37 £

box 36 + box 37

38 £

Deduct the amount of Foreign Tax Credit Relief allowed in 2010-11
for the overlap profits

39 £

box 38 minus box 39

Amount of foreign tax available for relief in 2011-12 on overlap profits

40 £

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Working Sheet 2 – Overlap relief and Foreign Tax Credit Relief

Fill in the Working Sheet on page 6, using the following instructions, if you are claiming overlap relief as a deduction from business profits, and you received Foreign Tax Credit Relief in earlier years against tax due on the overlap profits contributing to the amount deducted this year.

Box 1

Enter the figure of overlap profits brought forward from last year.

Box 2

Enter the amount of additional Foreign Tax Credit Relief allowed in the years when the overlap profits arose (that is, when the basis periods overlapped) and which has not been recovered subsequently.

Box 3

Enter the figure of overlap relief deducted in arriving at your taxable profits for 2011–12 (from box 68 of your *Self-employment (full)* pages or box 12 of your *Partnership* pages).

Box 4

Enter the proportion of the figure in box 2 that relates to the amount of overlap relief claimed this year.

Box 5

Enter the foreign tax paid in the 2011–12 basis period for income from the same source as the overlap profits.

Box 6

Enter the amount of Foreign Tax Credit Relief that would be allowable in 2011–12 for the amount of foreign tax shown in box 5, if it were to be assumed that no overlap relief was deductible from 2011–12 profits. For this purpose only, you will need to add back the figure of overlap relief deducted (at box 68 of your *Self-employment (full)* pages or box 12 of your *Partnership* pages) to arrive at taxable profits before overlap relief, and then complete a Foreign Tax Credit Relief Working Sheet (FTCRWS) in Helpsheet 263 to calculate the figure (from box TC124 in the FTCRWS) to be entered in box 6 in Working Sheet 2.

Boxes 7 to 9

If the amount at box 6 is greater than that at box 4, enter the difference in box 7 and copy the entry to column C on page F 6 of your *Foreign* pages, then complete the rest of the page as indicated.

If the amount in box 4 exceeds that in box 6, enter the amount of the excess in boxes 8 and 9. No Foreign Tax Credit Relief is due this year for income from the same source as the overlap profits. Instead, the excess of box 4 over box 6 will be recovered by way of a tax charge.

If you are calculating your tax, copy the figure in box 9 to box 13 in your *Tax calculation summary* pages.

Working Sheet 2 – Overlap relief and Foreign Tax Credit Relief

Overlap profits brought forward 1 £

Additional Foreign Tax Credit Relief previously allowed 2 £

Overlap relief claimed in 2011-12 3 £

Corresponding Foreign Tax Credit Relief (box 3 divided by box 1 then multiplied by box 2) 4 £

Foreign tax paid in the 2011-12 basis period from the same source as the overlap profits 5 £

Foreign Tax Credit Relief allowable in 2011-12 if no overlap relief deducted from 2011-12 profits (from box TC124 of the Foreign Tax Credit Relief Working Sheet) 6 £

box 6 minus box 4 7 £ or box 4 minus box 6 8 £

If the figure in box 6 is greater than the figure in box 4, the figure in box 7 is available for Foreign Tax Credit Relief in 2011-12. Transfer this figure to column C on page F 6 of the *Foreign* pages.

If the figure in box 4 is greater than the figure in box 6, no Foreign Tax Credit Relief is due for 2011-12 for income from this source. Enter '0' in column C on page F 6 of the *Foreign* pages. Copy the figure in box 8 to box 9.

Foreign Tax Credit Relief to be recovered 9 £

Copy this figure to box 13 of your *Tax calculation summary* pages

These notes are for guidance only, and reflect the position at the time of writing. They do not affect any rights of appeal. Any subsequent amendments to these notes can be found at www.hmrc.gov.uk