SCHEDULES

SCHEDULE 4 U.K.

CORPORATE CAPITAL LOSSES

PART 1 U.K.

CORPORATE CAPITAL LOSS RESTRICTION

Insolvent companies

8 After section 269ZW insert—

“269ZWA Increase of deductions allowance for insolvent companies

(1) This section applies in relation to a company if—

(a) the company has gone into insolvent liquidation (see subsection (4)), or

(b) a corresponding situation exists in relation to the company in a country or territory outside the United Kingdom.

(2) The company's deductions allowance for a winding up accounting period (as determined in accordance with section 269ZR or 269ZW) is to be treated (for all purposes) as increased by—

(a) the amount of chargeable gains accruing to the company in the accounting period after deducting any allowable losses accruing to the company in the period, or

(b) if lower, the amount of any allowable losses previously accruing to the company, so far as not previously deducted under section 2A(1) of TCGA 1992.

(3) In determining the amount of chargeable gains accruing to the company in a winding up accounting period for the purposes of subsection (2), ignore—

(a) any chargeable gains (but not any allowable losses) accruing to the company on the disposal of an asset if—

(i) section 171(1) of TCGA 1992 (transfers within a group: no gain no loss) applied in relation to the disposal by which the company acquired the asset (the “no gain/no loss disposal”),

(ii) the asset was acquired by the company, by virtue of the no gain/no loss disposal, in a winding up accounting period, and

(iii) the company making the no gain/no loss disposal has not, at that time, gone into insolvent liquidation, and

(b) any chargeable gains (but not any allowable losses) transferred to the company in accordance with an election made under section 171A of TCGA 1992 (election to reallocate gain or loss to another member of the group) if—

(i) the election is made in a winding up accounting period, and

(ii) the company from which the chargeable gain is transferred has not, at the time the election is made, gone into insolvent liquidation.

(4) For the purposes of this section, a company has gone into insolvent liquidation if—

(a) it has gone into liquidation, within the meaning of section 247(2) of the Insolvency Act 1986 or article 6(2) of the Insolvency (Northern Ireland) Order 1989 (SI 1989/2405 (NI 19), and

(b) at the time it goes into liquidation, its assets are insufficient for the payment of its debts and other liabilities and the expenses of the winding up.

(5) In this section a "winding up accounting period" means—

(a) the accounting period of the company that begins when the winding up starts (within the meaning of section 12(7) of CTA 2009), and

(b) each subsequent accounting period."