

*Status: Point in time view as at 16/11/2017.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2017, Paragraph 48. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 4 **U.K.**

#### RELIEF FOR CARRIED-FORWARD LOSSES

#### PART 6 **U.K.**

##### OIL ACTIVITIES

48 After section 303 insert—

#### **“303A Introduction to sections 303B to 303D: post-1 April 2017 non-decommissioning losses of ring fence trades**

- (1) This section has effect for the purposes of sections 303B to 303D.
- (2) A loss made by a company in a ring fence trade is a “non-decommissioning loss” so far as it is not attributable to expenditure which is relevant expenditure in relation to a decommissioning relief agreement.
- (3) Where a company makes a loss for an accounting period in a ring fence trade, the amount (if any) of that loss that is “attributable to” expenditure which is relevant expenditure in relation to a decommissioning relief agreement is equal to—
  - (a) the total amount of such expenditure brought into account in calculating that loss, or
  - (b) if lower, the amount of the loss.
- (4) Expenditure is “relevant expenditure” in relation to a decommissioning relief agreement if it is decommissioning expenditure (as defined in section 81 of FA 2013) to which the provision of the agreement described in section 80(2)(b) of that Act relates.

In this subsection the reference to section 81 of FA 2013 is to that section as it has effect when the agreement in question is made.

- (5) In this section “decommissioning relief agreement” has the meaning given by section 80 of FA 2013.

#### **303B Carry forward of losses against subsequent profits**

- (1) This section applies if—
  - (a) in an accounting period beginning on or after 1 April 2017 (“the loss-making period”) a company makes a non-decommissioning loss in a ring fence trade,
  - (b) relief under—  
section 37 or 42, or

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Part 5 (group relief),

is not given for an amount of the loss (“the unrelieved amount”), and

- (c) the company continues to carry on the ring fence trade in the next accounting period (“the later period”).
- (2) The unrelieved amount is carried forward to the later period.
  - (3) Relief for the unrelieved amount is given to the company in the later period if the company makes a profit in the trade for the later period.
  - (4) The relief is given by reducing the profits of the trade in the later period by the unrelieved amount.
  - (5) Relief under this section is subject to restriction or modification in accordance with the provisions of the Corporation Tax Acts.

### **303C Excess carried forward losses: relief against total profits**

- (1) This section applies if—
  - (a) an amount of a non-decommissioning loss made in a ring fence trade is carried forward to an accounting period of a company (“the later period”) under section 303B(2) or 303D(3), and
  - (b) any of that amount (“the unrelieved amount”) is not deducted under section 303B(4) or 303D(5) (as the case may be) from the company's profits of the trade (if any) of the later period.
- (2) The company may make a claim for relief to be given for the unrelieved amount under this section (but see subsection (4)).
- (3) If the company makes a claim, the relief is given by deducting the unrelieved amount, or any part of it specified in the claim, from the company's total profits of the later period.
- (4) The company may not make a claim if—
  - (a) the ring fence trade became small or negligible in the loss-making period or any intervening period,
  - (b) relief under section 37 was unavailable for the non-decommissioning loss by reason of section 37(5) or 44, or
  - (c) relief under section 37 would be unavailable by reason of section 44 for a loss (assuming there was one) made in the ring fence trade in the later period or any intervening period.
- (5) In subsection (4)—
  - “intervening period” means an accounting period of the company which begins after the loss-making period and before the later period, and
  - “the loss-making period” means the accounting period of the company in which the non-decommissioning loss was made.
- (6) A claim under this section must be made—
  - (a) within the period of two years after the end of the later period, or
  - (b) within such further period as an officer of Revenue and Customs may allow.

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- (7) Relief under this section is subject to restriction or modification in accordance with the provisions of the Corporation Tax Acts.

### **303D Further carry forward against subsequent profits of loss not fully used**

- (1) This section applies if—
- (a) an amount of a loss made in a ring fence trade is carried forward to an accounting period (“the later period”) of a company under section 303B(2) or subsection (3) of this section,
  - (b) any of that amount is unrelieved in the later period, and
  - (c) the company continues to carry on the ring fence trade in the accounting period (“the further period”) after the later period.
- (2) An amount carried forward as mentioned in subsection (1)(a) is “unrelieved in the later period” so far as it is not—
- (a) deducted under section 303B(4) or subsection (5) of this section from the company's profit (if any) of the later period,
  - (b) deducted from the company's total profits of the later period on a claim under section 303C, or
  - (c) surrendered by way of group relief for carried-forward losses under Part 5A of CTA 2010.
- (3) So much of the amount mentioned in subsection (1)(a) as is unrelieved in the later period is carried forward to the further period.
- (4) Relief for the amount carried forward under subsection (3) (“the remaining carried forward amount”) is given to the company in the further period if the company has a profit in the trade for that period.
- (5) The relief is given by reducing the profits of the trade of the further period by the remaining carried forward amount.
- (6) Relief under this section is subject to restriction or modification in accordance with the provisions of the Corporation Tax Acts.”

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