

SCHEDULES

SCHEDULE 2

TEMPORARY EXTENSION OF PERIODS TO WHICH TRADE LOSSES MAY BE CARRIED BACK

PART 2

CORPORATION TAX

Relief for trade losses incurred in accounting periods ending in financial year 2020 or 2021

- 4 (1) Sections 37(3)(b) and 38(1) and (3) of CTA 2010 (relief for trade losses against profits of same or earlier accounting period) have effect in relation to any loss to which this paragraph applies as if references to 12 months were references to 3 years (but subject as follows).
- (2) This paragraph applies to any loss incurred by a company in a trade in a relevant accounting period.
- (3) In this paragraph “relevant accounting period” means an accounting period that ends in the period beginning with 1 April 2020 and ending with 31 March 2022.
- (4) Sub-paragraph (5) applies where—
- (a) a loss incurred by a company in a relevant accounting period (“the relevant loss”) is, to any extent, relievable under section 37 of CTA 2010 by virtue of this paragraph, and
 - (b) some but not all of the relevant loss is also relievable under that section by virtue of section 40 of that Act (ring fence trades: extension of periods for which relief may be given).
- (5) A claim for relief under section 37 of CTA 2010 by virtue of this paragraph in respect of the relevant loss is treated, so far as possible, as being made in respect of the part of the loss that is not relievable as mentioned in sub-paragraph (4)(b).
- (6) Section 42 of CTA 2010 (ring fence trades: further extension of period of relief) has effect as if—
- (a) in subsection (1)(b), the reference to section 39 or 40 of that Act included a reference to this paragraph;
 - (b) in subsection (8), in the definition of “3 year relief period”, the reference to section 39 or 40 of that Act included a reference to this paragraph.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2021, Paragraph 4.