



Corporation Tax Act 2009

2009 CHAPTER 4

PART 7

DERIVATIVE CONTRACTS

CHAPTER 11

TAX AVOIDANCE

Unallowable purposes

692 Allowance of accumulated net losses

- (1) This section applies if—
 - (a) in any accounting period a derivative contract of a company has an unallowable purpose, and
 - (b) there is a net loss in respect of that contract for that period.
- (2) For the purposes of this section, there is such a net loss if—
 - (a) the sum of the debits in respect of that contract which are excluded from being brought into account for that period by section 690(3), exceeds
 - (b) the sum of the exchange credits in respect of that contract which are so excluded by section 690(2).
- (3) The amount of that excess is the amount of the net loss in respect of the contract for the period.
- (4) The amount of the excess accumulated net losses in respect of the contract for an accounting period is to be brought into account as a debit for that period.
- (5) The amount of the excess accumulated net losses in respect of a contract for an accounting period is found as follows.

Step 1

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Add together the amount of any net loss arising in respect of the contract for that accounting period and earlier accounting periods.

Step 2

Deduct from the result of Step 1 any amount which was brought into account in accordance with this section in any earlier accounting period.

Step 3

Add together [^{F1}so much] of any credits (other than exchange credits) arising in respect of the contract for that accounting period or any earlier accounting period [^{F2}as are referable to the unallowable purpose mentioned in subsection (1)(a) on a just and reasonable apportionment].

Step 4

Deduct from the result of Step 3 (but not so as to reduce it below nil)—

- (a) so much of any debits arising in respect of the contract for that accounting period or any earlier accounting period as is not excluded from being brought into account by section 690(3), and
- (b) any amount which was brought into account in accordance with this section in any earlier accounting period.

Step 5

Compare the result of Step 2 and the result of Step 4.

The amount of the excess accumulated net losses for the period is the lower of those results.

Textual Amendments

- F1** Words in s. 692(5) substituted (with effect in accordance with Sch. 7 Pt. 6 of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\)](#), [Sch. 7 para. 92\(a\)](#)
- F2** Words in s. 692(5) inserted (with effect in accordance with Sch. 7 Pt. 6 of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\)](#), [Sch. 7 para. 92\(b\)](#)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Blanket amendment words substituted by [S.I. 2011/1043 art. 34](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 322(2A)(zb) inserted by [2016 c. 24 s. 73\(5\)](#)
- s. 934(1A)(1B) inserted by [2023 c. 30 Sch. 2 para. 12\(2\)](#)
- s. 962(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(5\)\(b\)](#)
- s. 962A(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(6\)\(b\)](#)
- s. 963(1A) inserted by [2023 c. 30 Sch. 2 para. 12\(7\)\(a\)](#)
- s. 1058B(5)(ea) inserted by [2023 c. 20 Sch. para. 57](#)
- s. 1094(2A)-(2C) inserted by [2012 c. 14 Sch. 3 para. 13\(3\)](#)
- s. 1106(4A)-(4C) inserted by [2012 c. 14 Sch. 3 para. 14\(3\)](#)
- s. 1138A applied by [S.I. 2024/348 reg. 3](#)