



Corporation Tax Act 2010

2010 CHAPTER 4

PART 2

CALCULATION OF LIABILITY IN RESPECT OF PROFITS

CHAPTER 4

CURRENCY

Adjustment of sterling losses

14 Carried-back amounts

- (1) This section applies if conditions A, B and C are met.
- (2) Condition A is that, in accordance with generally accepted accounting practice, a UK resident company—
 - (a) prepares its accounts for a period of account in sterling, or
 - (b) prepares its accounts for a period of account in a currency other than sterling and in those accounts identifies sterling as its functional currency.
- (3) Condition B is that a loss of the company for that period (“the loss”) which falls to be calculated in accordance with generally accepted accounting practice for corporation tax purposes is to be a carried-back amount.
- (4) Condition C is that the tax calculation currency of the company in the accounting period to which the loss is to be carried back (“the earlier tax calculation currency”) is a currency other than sterling.
- (5) The loss must be adjusted by—
 - (a) first being translated into the earlier tax calculation currency by reference to the spot rate of exchange for the last day of the relevant accounting period, and

Status: This is the original version (as it was originally enacted).

- (b) then being translated into sterling by reference to the same rate of exchange as that at which the profit against which the carried-back amount is to be set off is required to be translated under section 11.
- (6) In this section “the relevant accounting period” means the latest accounting period of the company that both—
- (a) ends before the accounting period in which the loss arises, and
 - (b) is a period in which the tax calculation currency of the company is the currency mentioned in subsection (4).

15 Carried-forward amounts

- (1) This section applies if conditions A, B and C are met.
- (2) Condition A is that, in accordance with generally accepted accounting practice, a UK resident company—
- (a) prepares its accounts for a period of account in sterling, or
 - (b) prepares its accounts for a period of account in a currency other than sterling and in those accounts identifies sterling as its functional currency.
- (3) Condition B is that a loss of the company for that period (“the loss”) which falls to be calculated in accordance with generally accepted accounting practice for corporation tax purposes is to be a carried-forward amount.
- (4) Condition C is that the tax calculation currency of the company in the accounting period to which the loss is to be carried forward (“the later tax calculation currency”) is a currency other than sterling.
- (5) The loss must be adjusted by—
- (a) first being translated into the later tax calculation currency by reference to the spot rate of exchange for the first day of the relevant accounting period, and
 - (b) then being translated into sterling by reference to the same rate of exchange as that at which the profit against which the carried-forward amount is to be set off is required to be translated under section 11.
- (6) In this section “the relevant accounting period” means the earliest accounting period of the company that both—
- (a) begins after the accounting period in which the loss arises, and
 - (b) is a period in which the tax calculation currency of the company is the currency mentioned in subsection (4).