



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 4

#### LOSS RELIEF

### CHAPTER 2

#### TRADE LOSSES

##### *Carry forward of trade loss relief*

#### **45 Carry forward of [<sup>F1</sup>pre-1 April 2017] trade loss against subsequent trade profits**

- (1) This section applies if, in an accounting period [<sup>F2</sup>beginning before 1 April 2017], a company carrying on a trade makes a loss in the trade.
- (2) Relief for the loss is given to the company under this section.
- (3) The relief is given for that part of the loss for which no relief is given under section 37 or 42 (“the unrelieved loss”).
- (4) For this purpose—
  - (a) the unrelieved loss is carried forward to subsequent accounting periods (so long as the company continues to carry on the trade), and
  - (b) the profits of the trade of any such period are reduced by the unrelieved loss so far as that loss [<sup>F3</sup>is not] used under this paragraph to reduce the profits of an earlier period.

[<sup>F4</sup>(4A) But the company may make a claim that the profits of the trade of an accounting period specified in the claim are not to be reduced by the unrelieved loss, or are not to be reduced by the unrelieved loss by more than an amount specified in the claim.

(4B) A claim under subsection (4A) may specify an accounting period only if it begins on or after 1 April 2017.

---

*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross Heading: Carry forward of trade loss relief. (See end of Document for details)*

---

- (4C) A claim under subsection (4A) is effective if, and only if, it is made—
- (a) within the period of two years after the end of the accounting period specified in the claim, or
  - (b) within such further period as an officer of Revenue and Customs may allow.]
- (5) In this section and [F5, sections 45B, 45F and] 46 references to profits of the trade are references to profits of the trade chargeable to corporation tax.
- (6) Relief under this section is subject to restriction or modification in accordance with provisions of the Corporation Tax Acts.

#### Textual Amendments

- F1** Words in s. 45 heading inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 10\(2\)](#)
- F2** Words in s. 45(1) inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 10\(3\)](#)
- F3** Words in s. 45(4)(b) substituted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 10\(4\)](#)
- F4** S. 45(4A)-(4C) inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 10\(5\)](#)
- F5** Words in s. 45(5) substituted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 10\(6\)](#)

#### Modifications etc. (not altering text)

- C1** S. 45 applied (retrospective to 1.4.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 16 paras. 6, 9\(1\)](#)
- C2** S. 45(4) excluded (with effect in accordance with Sch. 18 para. 63 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 18 para. 20\(10\)](#)

### [F6]45A Carry forward of post-1 April 2017 trade loss against total profits

- (1) This section applies if—
- (a) in an accounting period (“the loss-making period”) beginning on or after 1 April 2017 a company carrying on a trade makes a loss in the trade,
  - (b) relief under section 37 or Part 5 (group relief) is not given for an amount of the loss (“the unrelieved amount”),
  - (c) the company continues to carry on the trade in the next accounting period (“the later period”), and
  - (d) the conditions in subsection (3) are met.
- (2) But this section does not apply if the trade is a ring fence trade.
- (3) The conditions are that—
- (a) the trade did not become small or negligible in the loss-making period,
  - (b) relief under section 37 was not unavailable for the loss by reason of —
    - (i) section 37(5), 44, 48 or 52, or
    - (ii) section 1209, 1216DA, 1217DA, 1217MA, 1217SA or 1218ZDA of CTA 2009,
  - (c) relief under section 37 would not be unavailable by reason of section 44 for a loss (assuming there was one) made in the trade in the later period,

---

**Changes to legislation:** There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross Heading: Carry forward of trade loss relief. (See end of Document for details)

---

- (d) if the company is a Solvency 2 insurance company the loss is not a shock loss (see subsections (9) and (10)), and
  - (e) the later period is not an excluded accounting period of a general insurance company.
- (4) The unrelieved amount is carried forward to the later period.
- (5) The company may make a claim for relief to be given in the later period for the unrelieved amount or for any part of it specified in the claim.
- (6) If the company makes a claim, the relief is given by deducting the unrelieved amount, or the specified part of it, from the company's total profits of the later period.
- (7) 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.
- (8) Relief under this section is subject to restriction or modification in accordance with provisions of the Corporation Tax Acts.
- (9) For the purposes of this section and section 45B, a loss which is partly, but not wholly, a shock loss is to be treated as if—
- (a) the amount that is a shock loss, and
  - (b) the amount that is not,
- were separate losses.
- (10) In this section—
- “excluded accounting period” has the meaning given by section 269ZG;
  - “general insurance company” is to be interpreted in accordance with section 269ZG(6);
  - “ring fence trade” has the same meaning as in Part 8 (see section 277);
  - “Solvency 2 insurance company” means an insurance company as defined in section 269ZP(2);
  - “shock loss” has the meaning given by section 269ZK.

#### Textual Amendments

- F6** Ss. 45A-45H inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 11](#)

#### Modifications etc. (not altering text)

- C3** S. 45A(4) applied by [2009 c. 4](#), s. 1048(4B)-(4D) (as inserted with effect in accordance with [Sch. 4 para. 190](#) of the amending Act) by [Finance \(No. 2\) Act \(2017 c. 32\)](#), Sch. 4 para. 133(4)

### 45B Carry forward of post-1 April 2017 trade loss against trade profits

- (1) This section applies if—
- (a) in an accounting period (“the loss-making period”) beginning on or after 1 April 2017 a company carrying on a trade makes a loss in the trade,
  - (b) relief under section 37 or 42 or Part 5 (group relief) is not given for an amount of the loss (“the unrelieved amount”),

---

*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross Heading: Carry forward of trade loss relief. (See end of Document for details)*

---

(c) the company continues to carry on the trade in the next accounting period (“the later period”), and

(d) case 1, 2 or 3 applies.

Case 1 is that any of the conditions in section 45A(3) are not met.

Case 2 is that relief for the unrelieved amount was not available under section 45A by reason of section 1210(5), 1216DB(5) or 1217DB(5) of CTA 2009.

Case 3 is that the trade is a ring fence trade.

- (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 in the later period.
- (4) The relief is given by reducing the profits of the trade of the later period by the unrelieved amount.
- (5) But the company may make a claim for relief not to be given in the later period for the unrelieved amount or for any part of it specified in the claim.
- (6) A claim under subsection (5) is effective if, and only if, it is 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.
- (7) If the trade is a ring fence trade, this section has effect only in relation to so much of the loss mentioned in subsection (1)(a) as is not a non-decommissioning loss.
- (8) Relief under this section is subject to restriction or modification in accordance with provisions of the Corporation Tax Acts.
- (9) In this section—
- “non-decommissioning loss” is to be interpreted in accordance with section 303A;
- “ring fence trade” has the same meaning as in Part 8 (see section 277).
- (10) See also section 45A(9) (splitting for the purposes of that section and this section of losses that are partly, but not wholly, shock losses of insurance companies).

#### **Textual Amendments**

**F6** Ss. 45A-45H inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 11](#)

#### **Modifications etc. (not altering text)**

**C4** S. 45B(2) applied (with effect in accordance with Sch. 4 para. 190 of the amending Act) by 2009 c. 4, s. 1048(5B)-(4D) (as inserted) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), Sch. 4 para. 190

### **45C Re-application of section 45A if loss remains after previous application**

- (1) This section applies if—
- (a) an amount of a loss made in a trade is carried forward to an accounting period (“the later period”) of a company under section 45A(4),

---

**Changes to legislation:** There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross Heading: Carry forward of trade loss relief. (See end of Document for details)

---

- (b) any of that amount is not deducted from the company's total profits of the later period on a claim under section 45A(5) or surrendered by way of group relief for carried forward-losses under Part 5A,
  - (c) the company continues to carry on the trade in the accounting period (“the further period”) after the later period, and
  - (d) the conditions in subsection (2) are met.
- (2) The conditions are that—
- (a) the trade did not become small or negligible in the later period,
  - (b) relief under section 37 would not be unavailable by reason of section 44 for a loss (assuming there was one) made in the trade in the further period, and
  - (c) the further period is not an excluded accounting period of a general insurance company.
- (3) Subsections (4) to (8) of section 45A apply as if—
- (a) references to the unrelieved amount were to so much of the amount carried forward to the later period as is not deducted or surrendered as mentioned in subsection (1)(b), and
  - (b) references to the later period were to the further period.
- (4) In this section “excluded accounting period” and “general insurance company” have the same meaning as in section 45A.

---

**Textual Amendments**

**F6** Ss. 45A-45H inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by Finance (No. 2) Act 2017 (c. 32), **Sch. 4 para. 11**

**45D Application of section 45B if loss remains after application of section 45A**

- (1) This section applies if—
- (a) an amount of a loss made in a trade is carried forward to an accounting period (“the later period”) of a company under section 45A(4),
  - (b) any of that amount is not deducted from the company's total profits of the later period on a claim under section 45A(5) or surrendered by way of group relief for carried forward-losses under Part 5A,
  - (c) the company continues to carry on the trade in the accounting period (“the further period”) after the later period, and
  - (d) any of the conditions in section 45C(2) is not met.
- (2) Subsections (2) to (8) of section 45B apply as if—
- (a) references to the unrelieved amount were to so much of the amount carried forward to the later period as is not deducted or surrendered as mentioned in subsection (1)(b), and
  - (b) references to the later period were to the further period.

---

**Textual Amendments**

**F6** Ss. 45A-45H inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by Finance (No. 2) Act 2017 (c. 32), **Sch. 4 para. 11**

---

*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross Heading: Carry forward of trade loss relief. (See end of Document for details)*

---

#### **45E Re-application of section 45B if loss remains after previous application**

- (1) This section applies if—
- (a) an amount of a loss made in a trade is carried forward to an accounting period (“the later period”) of a company under section 45B(2),
  - (b) any of that amount is not used under section 45B(4) to reduce profits of the trade for the later period, and
  - (c) the company continues to carry on the trade in the accounting period (“the further period”) after the later period.
- (2) Subsections (2) to (8) of section 45B apply as if—
- (a) references to the unrelieved amount were to so much of the amount carried forward to the later period as was not used as mentioned in subsection (1) (b), and
  - (b) references to the later period were to the further period.

#### **Textual Amendments**

**F6** Ss. 45A-45H inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by Finance (No. 2) Act 2017 (c. 32), **Sch. 4 para. 11**

#### **45F Terminal losses: relief unrestricted by Part 7ZA and 7A**

- (1) This section applies if—
- (a) a company makes a loss in a trade in an accounting period (the “loss-making period”),
  - (b) an amount of that loss is carried forward to an accounting period of the company (“the terminal period”) under section 45, 45A or 45B,
  - (c) relief in the terminal period is not given under section 45, 45A or (as the case may be) 45B for that amount or for any part of it, and
  - (d) the company ceases to carry on the trade in the terminal period.
- (2) The company may make a claim for relief to be given for the unrelieved amount under this section.
- (3) If the company makes a claim the relief is given by deducting the unrelieved amount from the relevant profits of the company of—
- (a) the terminal period, and
  - (b) previous accounting periods so far as they fall (wholly or partly) within the period of 3 years ending with the end of the terminal period.
- (4) But no deduction is to be made under subsection (3) for any accounting period which is—
- (a) the loss-making period,
  - (b) a period before the loss-making period, or
  - (c) a period beginning before 1 April 2017.
- (5) The amount of a deduction to be made under subsection (3) for any accounting period is the amount of the unrelieved amount so far as it cannot be deducted under that subsection for a subsequent accounting period.
- (6) The company's claim must be made—

---

**Changes to legislation:** There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross Heading: Carry forward of trade loss relief. (See end of Document for details)

---

- (a) within the period of two years after the end of the terminal period, or
  - (b) within such further period as an officer of Revenue and Customs may allow.
- (7) In this section—
- “the unrelieved amount” means so much of the amount mentioned in subsection (1)(b) for which relief is not given in the terminal period under section 45, 45A or (as the case may be) 45B, and
  - “relevant profits”, in relation to the terminal period or any previous accounting period, means—
    - (a) the total profits of the company of the period, in a case where the unrelieved amount was carried forward to the terminal period under section 45A,
    - (b) the profits of the trade of the period, in a case where the unrelieved amount was carried forward to the terminal period under section 45 or 45B.
- (8) Relief under this section is subject to restriction or modification in accordance with provisions of the Corporation Tax Acts.

#### Textual Amendments

**F6** Ss. 45A-45H inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by Finance (No. 2) Act 2017 (c. 32), **Sch. 4 para. 11**

#### [<sup>F7</sup> 45G Section 45F: accounting period falling partly within 3 year period

- (1) This section applies if—
  - (a) a company ceases to carry on a trade in an accounting period (“the terminal period”), and
  - (b) a previous accounting period of the company (“the straddling period”) falls partly within the period of 3 years ending with the end of the terminal period.
- (2) The sum of any deductions under section 45F from the profits of the trade of the straddling period is not to exceed an amount equal to the overlapping proportion of those profits (calculated before making those deductions).
- (3) The sum of—
  - (a) any deductions under section 45F from the profits of the trade of the straddling period, and
  - (b) any deductions under that section from the total profits of the straddling period in respect of losses made in the trade,must not exceed an amount equal to the overlapping proportion of the total profits of the straddling period (calculated before making those deductions).
- (4) The overlapping proportion is the same as the proportion that the part of the straddling period falling within the period of 3 years mentioned in subsection (1)(b) bears to the whole of the straddling period.]

---

*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross Heading: Carry forward of trade loss relief. (See end of Document for details)*

---

#### Textual Amendments

- F6** Ss. 45A-45H inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 11](#)
- F7** S. 45G substituted (with effect in accordance with Sch. 10 para. 32 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 10 para. 21](#)

### 45H Section 45F: transfers of trade to obtain relief

Section 45F does not apply by reason of a company ceasing to carry on a trade if—

- (a) on the company ceasing to carry on the trade, any of the activities of the trade begin to be carried on by a person who is not (or by persons any or all of whom are not) within the charge to corporation tax, and
- (b) the company's ceasing to carry on the trade is part of a scheme or arrangement the main purpose, or one of the main purposes, of which is to secure that that section applies by reason of the cessation.]

#### Textual Amendments

- F6** Ss. 45A-45H inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 11](#)

### 46 Use of trade-related interest and dividends if insufficient trade profits

- [<sup>F8</sup>(1) This section applies if in an accounting period a company carrying on a trade makes a loss in the trade and either—
- (a) relief for the loss could be given in a later accounting period under section 45(4)(b) or 45B(4) but for the fact that there are no profits of the trade of the later accounting period, or
  - (b) the amount of relief for the loss that could be given in a later accounting period under section 45(4)(b) or 45B(4) is limited by reason of the amount of profits of the trade of the later accounting period.]
- (2) [<sup>F9</sup>For the purposes of section 45 and 45B,] Treat any interest or dividends within subsection (3) as profits of the trade of the later period.
- (3) Interest or dividends are within this subsection if they—
- (a) are from investments, and
  - (b) would be brought into account as trading receipts in calculating the profits of the trade of the later period but for the fact that they have been subjected to tax under other provisions of the Tax Acts.

#### Textual Amendments

- F8** S. 46(1) substituted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 148\(2\)](#)
- F9** Words in s. 46(2) inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 148\(3\)](#)



---

**Changes to legislation:** There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross Heading: Carry forward of trade loss relief. (See end of Document for details)

---

#### 47 [F10Registered societies]

- (1) This section applies for the purposes of [F11sections 45 and 45B] if the company carrying on the trade is a [F12registered society] .
- (2) The following amounts may be brought into account in calculating the profits of the trade—
  - (a) amounts to which the charge to corporation tax on income applies under section 299 of CTA 2009 (charge to tax on non-trading profits from loan relationships), and
  - (b) amounts arising from possessions out of the United Kingdom to which the charge to corporation tax on income applies under section 933 of CTA 2009 (dividends of non-UK resident company) or under section 974 of that Act (income arising from foreign holdings).

#### Textual Amendments

- F10** S. 47 heading substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 157](#) (with [Sch. 5](#))
- F11** Words in s. 47(1) substituted (with effect in accordance with [Sch. 4 para. 190](#) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 149](#)
- F12** Words in Act substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), [Sch. 4 para. 156](#) (with [Sch. 5](#))

**Changes to legislation:**

There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross  
Heading: Carry forward of trade loss relief.