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SCHEDULES

SCHEDULE 4

RELIEF FOR CARRIED-FORWARD LOSSES

PART 1

AMENDMENT OF GENERAL RULES ABOUT CARRYING FORWARD LOSSES

Trading losses

11 After section 45 insert—

“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,
- (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.

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- (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.

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”),
 - (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.

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- (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).

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),
 - (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—

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- (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.

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.

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.

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,

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- (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—
 - (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.

45G Section 45F: accounting period falling partly within 3 year period

- (1) This section applies if an accounting period falls partly within the period of 3 years mentioned in section 45F(3)(b).
- (2) The amount of the deduction for the unrelieved amount for the accounting period is not to exceed an amount equal to the overlapping proportion of the company's relevant profits of that period.

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- (3) The overlapping proportion is the same as the proportion that the part of the accounting period falling within the period of 3 years bears to the whole of the accounting period.
- (4) In this section “the unrelieved amount” and “relevant profits” have the meaning given by section 45F(7).

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.”

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

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

- Sch. A1 para. 8(6)(b) omitted by [2022 c. 3 Sch. 1 para. 32\(b\)](#)
- Sch. A1 para. 8(2) substituted by [2022 c. 3 Sch. 1 para. 32\(a\)](#)