SCHEDULES

SCHEDULE 4

CORPORATE CAPITAL LOSSES

PART 3

COMMENCEMENT AND ANTI-FORESTALLING PROVISION

Commencement

42 The amendments made by this Schedule have effect in relation to accounting periods beginning on or after 1 April 2020.

43 (1) Paragraph 44 applies where a company has an accounting period beginning before 1 April 2020 and ending on or after that date (the "straddling period").

(2) For the purposes of paragraph 44—

(a) the "pre-commencement period" means the part of the straddling period falling before 1 April 2020, and

(b) the "post-commencement period" means the part of the straddling period falling on or after that date.

44 (1) The amount of chargeable gains to be included in the company's total profits for the straddling period is the total of—

(a) the chargeable gains accruing to the company in the pre-commencement period, after making any deductions under section 2A(1) of TCGA 1992, and

(b) the chargeable gains accruing to the company in the post-commencement period, after making any deductions under that section.

(2) For the purposes of sub-paragraph (1)(a) and (b), section 2A of TCGA 1992 applies as if the pre-commencement period and the post-commencement period were separate accounting periods, subject to the modification in sub-paragraph (3).

(3) For the purposes of determining the amount to be included in the company's total profits in respect of chargeable gains for a period, the reference in section 2A(1)(a) of TCGA 1992 to any allowable losses accruing to the company in the period is to be treated as including—

(a) for the purposes of the pre-commencement period, a reference to any allowable losses accruing to the company in the post-commencement period so far as they exceed the chargeable gains accruing to the company in the post-commencement period, and

(b) for the purposes of the post-commencement period, a reference to any available allowable losses accruing to the company in the pre-commencement period so far as they exceed the chargeable gains accruing to the company in the pre-commencement period.

(4) For the purposes of applying Part 7ZA of CTA 2010 in relation to the straddling period—

(a) section 269ZBA of that Act applies in relation to the post-commencement period as if it were a separate accounting period,

(b) the reference in section 269ZF(4)(h) to deductions under section 2A(1)(b) of TCGA 1992 is to be treated as if it were a reference only to deductions under that provision from the chargeable gains of the post-commencement period, and

(c) the reference in step 3(c) of section 269ZF to the chargeable gains included in the company's total profits is to be treated as if it were a reference to the total of—

(i) the chargeable gains accruing to the company in the pre-commencement period, after making any deductions under section 2A(1)(a) or (b) of TCGA 1992, and

(ii) the chargeable gains accruing to the company in the post-commencement period, after making any deductions under section 2A(1)(a) of that Act.

45 (1) This paragraph applies in relation to a non-UK resident company which carries on a UK property business or has other UK property income—

(a) if the conditions in sub-paragraph (2) are met, and

(b) unless the company has elected that this paragraph is not to apply.

(2) The conditions are met if the company—

(a) is within the charge to income tax for the tax year 2019-20,

(b) is chargeable to corporation tax for an accounting period falling wholly within the period beginning with 1 April 2020 and ending with 5 April 2020 because of a chargeable gain accruing to the company on the disposal of an asset, and

(c) is within the charge to corporation tax on income for an accounting period beginning on 6 April 2020.

(3) For the purposes of determining the amount to be included in the company's total profits in respect of chargeable gains for an accounting period mentioned in sub-paragraph (2)(b) or (2)(c), the reference in section 2A(1)(a) of TCGA 1992 to any allowable losses accruing to the company in the period is to be treated as including—

(a) for the purposes of an accounting period mentioned in sub-paragraph (2)(b), a reference to any allowable losses accruing to the company in the accounting period mentioned in sub-paragraph (2)(c) (so far as those losses are not otherwise deducted under section 2A(1) of TCGA 1992), and

(b) for the purposes of the accounting period mentioned in sub-paragraph (2)(c), a reference to any allowable losses accruing to the company in an accounting period mentioned in sub-paragraph (2)(b) (so far as those losses are not otherwise deducted under section 2A(1) of TCGA 1992).

(4) For the purposes of the application of Part 7ZA of CTA 2010 in relation to the accounting periods mentioned in sub-paragraphs (2)(b) and (2)(c)—

(a) section 269ZYA of CTA 2010 (deductions allowance for company without a source of chargeable income) applies as if the company had made a claim under that section in respect of each accounting period mentioned in sub-paragraph (2)(b), and

(b) the company's deductions allowance for the accounting period mentioned in sub-paragraph (2)(c) is treated as being reduced by the amount of the company's deductions allowance for each accounting period mentioned in sub-paragraph (2)(b).

Anti-forestalling provision

46 (1) This sub-paragraph applies if—

(a) a company has an accounting period ending before 1 April 2020,

(b) the company would, apart from this paragraph, obtain a tax advantage as a result of a deduction, or an increased deduction, under section 2A(1)(b) of TCGA 1992,

(c) the tax advantage arises as a result of arrangements entered into on or after 29 October 2018, and

(d) the main purpose, or one of the main purposes, of the arrangements is to secure a tax advantage as a result of the fact that section 269ZBA of CTA 2010, inserted by this Schedule, is not to have effect for the accounting period for which the deduction would be made.

(2) If sub-paragraph (1) applies, the deductions made by the company for the accounting period under section 2A(1)(b) of TCGA 1992 may not exceed 50% of the company's qualifying chargeable gains for the period.

(3) So far as necessary for the purposes of this paragraph, Part 7ZA of CTA 2010 is treated as having come into force on the same day as this paragraph.

(4) This paragraph is treated as having come into force on 29 October 2018.

(5) Where a company has a straddling period, the pre-commencement period and the post-commencement period are treated for the purposes of this paragraph as separate accounting periods.

(6) In this paragraph—

(a) "arrangements" includes any agreement, understanding, scheme transaction or series of transactions (whether or not legally enforceable),

(b) "straddling period", "pre-commencement period" and "post-commencement period" have the same meaning as they have for the purposes of paragraph 44, and

(c) "tax advantage" has the meaning given by section 1139 of CTA 2010.

Changes to legislation:
There are currently no known outstanding effects for the Finance Act 2020, PART 3.