SCHEDULES

SCHEDULE 24

ASSUMPTIONS FOR CALCULATING CHARGEABLE PROFITS, CREDITABLE TAX AND CORRESPONDING UNITED KINGDOM TAX OF FOREIGN COMPANIES

Losses in pre-direction accounting periods

9 (1) Subject to sub-paragraph (2) below, this paragraph applies in any case where the company incurred a loss in a trade in an accounting period—

(a) which precedes the first accounting period in respect of which a direction is given under section 747(1) ("the starting period"); and

(b) which ended less than six years before the beginning of the starting period; and

(c) in which the company was not resident in the United Kingdom;

and in this paragraph any such accounting period is referred to as a "pre-direction period".

(2) This paragraph does not apply in any case where a declaration is made under paragraph 11(3) below specifying an accounting period of the company which begins before, or is the same as, the first pre-direction period in which the company incurred a loss as mentioned in sub-paragraph (1) above.

(3) If a claim is made for the purpose by the United Kingdom resident company or companies referred to in paragraph 4(2) above, the chargeable profits (if any) of the company for accounting periods beginning with that pre-direction period which is specified in the claim and in which a loss is incurred as mentioned in sub-paragraph (1) above shall be determined (in accordance with the provisions of this Schedule other than this paragraph) on the assumption that that pre-direction period was the first accounting period in respect of which a direction was given under section 747(1).

(4) A claim under sub-paragraph (3) above shall be made by notice given to the Board within 60 days of the date of the notice under subsection (1) or subsection (3) of section 753 relating to the starting period or within such longer period as the Board may in any particular case allow.

(5) For the purposes of a claim under sub-paragraph (3) above, it shall be assumed that Chapter IV of Part XVII was in force before the beginning of the first of the pre-direction periods.

(6) In determining for the purposes of this paragraph which accounting period of the company is the starting period, no account should be taken of the effect of any declaration under paragraph 11(3) below.