

## SCHEDULES

### SCHEDULE 4

#### RELIEF FOR CARRIED-FORWARD LOSSES

#### PART 8

##### TRANSFERRED TRADES

- 61 Chapter 1 of Part 22 of CTA 2010 (transfers of trade without a change of ownership) is amended as follows.
- 62 In section 940A (overview of Chapter) in subsection (4) for “944” substitute “943A”.
- 63 Before section 944 (but after the italic heading preceding that section) insert—

#### “943A Disapplication of section 39

If this Chapter applies to a transfer of a trade, section 39 (terminal losses: extension of periods for which relief may be given) does not apply in relation to a claim under section 37 by the predecessor for relief for a loss made in the transferred trade.”

- 64 (1) Section 944 (modified application of Chapter 2 of Part 4) is amended as follows.
- (2) In the heading for “Chapter 2 of Part 4” substitute “section 45”.
- (3) Omit subsections (1) and (2).
- (4) In subsection (3)—
- (a) for “Relief” substitute “If this Chapter applies to a transfer of a trade, relief”, and
- (b) after “carry forward of” insert “pre-1 April 2017”.
- (5) In subsection (4) after paragraph (a) insert—
- “(ab) any claim made by the predecessor under section 45F in reliance on subsection (2) of section 944C.”.
- 65 After section 944 insert—

#### “944A Modified application of section 45A

- (1) Subsection (2) applies if—
- (a) this Chapter applies to a transfer of a trade,
- (b) the transferred trade is not a ring fence trade,
- (c) the predecessor made a loss in the transferred trade in the accounting period in which it ceased to carry it on,

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- (d) that accounting period began on or after 1 April 2017,
  - (e) relief for an amount of that loss is not given under section 37 or Part 5,
  - (f) relief under section 37 was not unavailable for that loss by reason of a provision mentioned in section 45A(3)(b)(i) or (ii), and
  - (g) relief under section 37 would not be unavailable by reason of section 44 for a loss (assuming there was one) made by the successor in the transferred trade in the accounting period in which the successor begins to carry on the transferred trade (“the successor’s start-up accounting period”).
- (2) Subsections (4) to (8) of section 45A (carry-forward of post-1 April 2017 trade loss against total profits) apply as if—
- (a) references to the unrelieved amount were to the amount referred to in subsection (1)(e),
  - (b) references to the later period were to the successor’s start-up accounting period, and
  - (c) references to the company were to the successor.
- (3) Subsection (4) applies if—
- (a) this Chapter applies to a transfer of a trade,
  - (b) an amount of a loss made in the transferred trade was carried forward under section 45A(4) to the accounting period of the predecessor in which the predecessor ceased to carry on the trade,
  - (c) any of that amount was not deducted from the predecessor’s total profits on a claim under section 45A(5) or surrendered by the predecessor by way of group relief for carried-forward losses under Part 5A, and
  - (d) relief under section 37 would not be unavailable by reason of section 44 for a loss (assuming there was one) made by the successor in the transferred trade in the accounting period in which the successor begins to carry on the transferred trade (“the successor’s start-up accounting period”).
- (4) Subsections (4) to (8) of section 45A apply as if—
- (a) references to the unrelieved amount were to so much of the amount referred to in subsection (3)(b) as was not deducted or surrendered as mentioned in subsection (3)(c),
  - (b) references to the later period were to the successor’s start-up accounting period, and
  - (c) references to the company were to the successor.
- (5) In this section “ring fence trade” has the same meaning as in Part 8 (see section 277).

#### **944B Modified application of section 45B**

- (1) Subsection (2) applies if—
- (a) this Chapter applies to a transfer of a trade,
  - (b) the predecessor made a loss in the transferred trade in the accounting period in which it ceased to carry it on,

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- (c) that accounting period began on or after 1 April 2017,
  - (d) relief under section 37 or 42 or Part 5 is not given for an amount of the loss, and
  - (e) it is the case that—
    - (i) relief under section 37 was unavailable for the loss by reason of any provision mentioned in section 45A(3)(b)(i) or (ii),
    - (ii) relief under section 37 would be unavailable by reason of section 44 for a loss (assuming there was one) made by the successor in the transferred trade in the accounting period in which the successor begins to carry on the transferred trade (“the successor’s start-up accounting period”), or
    - (iii) the transferred trade is a ring fence trade.
- (2) Subsections (2) to (8) of section 45B (carry forward of post-1 April 2017 trade loss against trade profits) apply as if—
- (a) references to the unrelieved amount were to the amount mentioned in subsection (1)(d),
  - (b) references to the later period were to the successor’s start-up accounting period,
  - (c) references to the company were to the successor, and
  - (d) references to the trade were to the transferred trade.
- (3) Subsection (4) applies if—
- (a) this Chapter applies to a transfer of a trade,
  - (b) an amount of a loss made in the transferred trade was carried forward under section 45B(2) to the accounting period in which the predecessor ceased to carry on the trade, and
  - (c) any of that amount is not used under section 45B(4) to reduce profits of the transferred trade of the accounting period in which the predecessor ceases to carry on the trade.
- (4) Subsections (2) to (8) of section 45B apply as if—
- (a) references to the unrelieved amount were to so much of the amount referred to in subsection (3)(b) as is not used as mentioned in subsection (3)(c),
  - (b) references to the later period were to the accounting period of the successor in which the successor begins to carry on the transferred trade,
  - (c) references to the company were to the successor, and
  - (d) references to the trade were to the transferred trade.

#### **944C Modified application of section 45F**

- (1) If this Chapter applies to a transfer of a trade, the predecessor may not make a claim under section 45F for relief to be given for an amount of a loss made in the transferred trade.
- (2) But subsection (1) does not apply if—
  - (a) the trade is transferred before 13 July 2017, and

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- (b) the amount of the loss is carried forward to the accounting period in which the predecessor ceases to carry on the trade under section 45 (carry forward of pre-1 April 2017 trade losses).
- (3) Subsection (4) applies if—
- (a) this Chapter applies to a transfer of a trade,
  - (b) an amount of a loss made by the predecessor in the transferred trade is carried forward under section 45, 45A or 45B to the accounting period of the successor in which the successor ceases to carry on the transferred trade, and
  - (c) relief in that accounting period is not given to the successor under section 45, 45A or (as the case may be) 45B for that amount or for any part of it.
- (4) Section 45F has effect as if the loss was made by the successor in the transferred trade in the accounting period in which it began carrying on the transferred trade.

#### **944D Modified application of section 303B**

- (1) Subsection (2) applies if—
- (a) this Chapter applies to a transfer of a trade,
  - (b) the transferred trade is a ring-fence trade,
  - (c) the predecessor made a non-decommissioning loss in the transferred trade in the accounting period in which it ceased to carry it on,
  - (d) that accounting period began on or after 1 April 2017, and
  - (e) relief under section 37 or 42 or Part 5 is not given for an amount of the loss.
- (2) Subsections (2) to (5) of section 303B (carry forward of non-decommissioning losses against subsequent profits) have effect as if—
- (a) references to the unrelieved amount were to the amount mentioned in subsection (1)(e),
  - (b) references to the later period were to the accounting period of the successor in which the successor begins to carry on the transferred trade,
  - (c) references to the company were to the successor, and
  - (d) references to the trade were to the transferred trade.
- (3) Section 303A (meaning of non-decommissioning loss) applies for the purposes of this section.
- (4) In this section “ring fence trade” has the same meaning as in Part 8 (see section 277).

#### **944E Modified application of section 303D**

- (1) Subsection (2) applies if—
- (a) this Chapter applies to a transfer of a trade,
  - (b) the trade is a ring-fence trade,

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- (c) an amount of a loss made in the trade was carried forward under section 303B(2) or 303D(3) to the accounting period in which the predecessor ceased to carry on the trade (“the cessation period”), and
  - (d) any of that amount was not—
    - (i) deducted under section 303B(4) or 303D(5) from the predecessor’s profit (if any) of the cessation period,
    - (ii) deducted from the predecessor’s total profits of the cessation period on a claim under section 303C(2), or
    - (iii) surrendered by the predecessor by way of group relief for carried-forward losses under Part 5A.
- (2) Subsections (3) to (6) of section 303D have effect as if—
- (a) the reference to so much of the amount mentioned in section 303D(1)(a) as is unrelieved in the later period were to so much of the amount mentioned in subsection (1)(c) of this section as was not deducted or surrendered as mentioned in subsection (1)(d),
  - (b) references to the further period were to the accounting period of the successor in which the successor begins to carry on the transferred trade,
  - (c) references to the company were to the successor, and
  - (d) references to the trade were to the transferred trade.
- (3) In this section “ring fence trade” has the same meaning as in Part 8 (see section 277).”
- 66 In section 945 (cases in which predecessor retains more liabilities than assets) in subsection (4), for “section 944(3)” (in both places where those words occur) substitute “sections 944 to 944E”.
- 67 (1) Section 951 (part of trade treated as separate trade) is amended as follows.
- (2) After subsection (6) insert—
- “(7) Subsection (8) applies if—
- (a) a company (“the transferor”) ceases to carry on a trade (“trade Z”),
  - (b) another company (“the transferee”) begins to carry on the activities of trade Z as part of its trade (“part Z”) and
  - (c) by reason of this Chapter an amount of a loss made in trade Z is carried forward under section 45A(4), 45B(2), 303B(2) or 303D(3) to an accounting period of the transferee.
- (8) The provisions of sections 45A to 45F and 303B to 303D have effect, in so far as they apply (or re-apply) in relation to the amount carried forward (or any part of it), as if the transferee carries or carried on part Z as a separate trade.”
- 68 In section 952 (apportionment if part of trade treated as separate trade) in subsection (1) for “or (4)” substitute “, (4) or (8)”.