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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2020, Paragraph 10. (See end of Document for details)*

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## SCHEDULES

### SCHEDULE 4

#### CORPORATE CAPITAL LOSSES

##### PART 1

##### CORPORATE CAPITAL LOSS RESTRICTION

##### *Companies without a source of chargeable income*

10 After section 269ZY of CTA 2010 insert—

##### **“269ZYA Deductions allowance for company without a source of chargeable income**

- (1) This section applies in relation to a company and a financial year (“the relevant financial year”) if—
  - (a) the company has no source of chargeable income (see subsection (2)) throughout the relevant financial year, and
  - (b) if the company is a member of a group (see section 269ZZB) at any time during the relevant financial year, each other company that is, at any time during the relevant financial year, a member of the group has no source of chargeable income throughout the relevant financial year.
- (2) For the purposes of this section and section 269ZYB, a company “has no source of chargeable income” if the company is either—
  - (a) not within the charge to corporation tax, or
  - (b) chargeable to corporation tax only because of a chargeable gain accruing to the company on the disposal of an asset.
- (3) A company may make a claim under this section in respect of an accounting period if—
  - (a) the accounting period falls wholly within the relevant financial year, and
  - (b) the company is chargeable to corporation tax for the accounting period only because of a chargeable gain accruing to the company on the disposal of an asset.
- (4) If a claim is made by a company under this section in respect of an accounting period (a “claim AP”), the company's deductions allowance for the claim AP is the lower of—
  - (a) the available deductions allowance amount (see subsection (9)),

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- (b) the total amount of allowable losses accruing to the company in any previous accounting period, so far as not previously deducted under section 2A(1)(a) or (b) of TCGA 1992, and
  - (c) the chargeable gains accruing to the company in the claim AP.
- (5) A claim under this section in respect of an accounting period—
- (a) must be made within the period of two years after the end of the accounting period, but
  - (b) may not be made before the end of the relevant financial year.
- (6) Sections 269ZR to 269ZY (deductions allowances) do not apply to a claim AP.
- (7) Subsection (8) applies if—
- (a) there is at least one claim AP falling wholly within the relevant financial year, and
  - (b) there is at least one accounting period falling wholly within the relevant financial year in respect of which no claim is made under this section (an “alternative AP”).
- (8) The company's deductions allowance for an alternative AP is the lower of—
- (a) the deductions allowance that would be available, ignoring the effect of this section (see sections 269ZR to 269ZY), and
  - (b) the available deductions allowance amount (see subsection (9)).
- (9) For the purposes of this section, the “available deductions allowance amount” is—
- (a) £5,000,000, less
  - (b) the total of the deductions allowance amounts (if any) already claimed by—
    - (i) the company, and
    - (ii) if the company is a member of a group at any time during the relevant financial year, each other company that is, at any time during the relevant financial year, a member of the group,
 in respect of each claim AP and alternative AP that falls wholly within the relevant financial year.
- (10) In this section, references to the deductions allowance amounts claimed by a company in respect of an accounting period—
- (a) for a claim AP, are references to any deductions allowance claimed by the company under this section in respect of the period, and
  - (b) for an alternative AP, are references to any other amount specified in the company's tax return as its chargeable gains deductions allowance for the period.
- (11) For the purposes of subsection (9)(b), in the cases listed in the first column of the table below, the rules in the second column apply to determine the order in which deductions allowance amounts are to be treated as claimed in respect of the accounting periods—

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*Case*

*Rule*

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1. There is a claim AP and another claim AP starting on the same day or a different day. The order in which the claims under this section are made.
  2. There is an alternative AP (“AP1”) and another alternative AP (“AP2”) starting on a later day. AP1 before AP2.
  3. There is an alternative AP and another alternative AP starting on the same day. The order in which the tax returns for the alternative APs are delivered.
  4. There is a claim AP and an alternative AP starting on the same day, an earlier day or a later day. The claim AP before the alternative AP.
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### **269ZYB Provisional application of section 269ZYA**

- (1) This section applies in relation to a company and an accounting period if—
  - (a) the conditions in section 269ZYA(3)(a) and (b) are met in relation to the accounting period, and
  - (b) the company's tax return for the accounting period is delivered before the end of the financial year in which the accounting period falls (“the relevant financial year”).
- (2) The company may make a declaration in the return for the accounting period that—
  - (a) at all earlier times in the relevant financial year—
    - (i) the company had no source of chargeable income (see section 269ZYA(2)), and
    - (ii) if the company is a member of a group, each other member of the group had no source of chargeable income, and
  - (b) the person intends to make a claim under section 269ZYA(3) in respect of the accounting period.
- (3) Until the declaration ceases to have effect, section 269ZYA has effect as if the company had made a claim under that section.
- (4) The declaration ceases to have effect if—
  - (a) it is withdrawn,
  - (b) it is superseded by a claim made under section 269ZYA, or
  - (c) the company or, if the company is a member of a group, another member of the group, acquires a source of chargeable income before the end of the relevant financial year.
- (5) So far as not previously ceasing to have effect under subsection (4), the declaration ceases to have effect two years after the end of the accounting period in respect of which it is made.
- (6) If the declaration ceases to have effect, all necessary adjustments must be made, by assessment, amendment of returns or otherwise.
- (7) Subsection (6) applies despite any limitation on the time within which assessments or amendments may be made.”

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