

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.

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- (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

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- (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.