
Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

SCHEDULES

SCHEDULE 9

STOCK RELIEF

PART III

CORPORATION TAX

Recovery of relief on cessation of trade etc.

- 13 (1) Where during or at the end of a period of account a company carrying on a trade ceases to do so, or ceases to be within the charge to corporation tax under Case I of Schedule D in respect of the trade, then, subject to paragraph 20 below—
- (a) it shall not be entitled to relief in respect of that period; and
 - (b) a charge by way of recovery of relief shall be made on the company on an amount equal to the unrecovered past relief allowed to it for that trade.
- (2) Sub-paragraph (1) above shall apply also where the scale of the activities of the trade for any period of account is negligible in comparison with their scale for any previous period of account beginning not more than six years before the first-mentioned period.
- (3) Where during or at the end of a period of account a company carrying on a trade ceases (by virtue of ceasing to be resident in the United Kingdom) to be within the charge to corporation tax under Case I of Schedule D in respect of a part of the trade, it shall be treated for the purposes of this Schedule as if that part were a separate trade carried on by it in that period; and all necessary apportionments between the two parts of the trade (including the apportionment of unrecovered past relief allowed for that trade) shall be made by reference to the respective values of the trading stock of each part immediately after that event
- 14 (1) Where there is a change of ownership of a company and section 483 of the Taxes Act applies so as to restrict the carrying forward of losses incurred before the change, then relief to which those disallowed losses are attributable shall, although unrecovered in periods of account ending before the change of ownership, nevertheless be disregarded in ascertaining the amount of unrecovered past relief in later periods of account.
- (2) Relief to which disallowed losses are attributable is that which was not given effect in the period of account or base period for which it was allowed or in a subsequent period of account.
- (3) For the purposes of sub-paragraph (2) above—
- (a) relief under Part II of Schedule 5 to the Finance Act 1976 ; and
 - (b) Schedule 10 relief as defined in paragraph 18 of that Schedule,

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

is assumed to be given effect before capital allowances and profits or gains are assumed to be set against losses attributable to that relief before other losses; and any question whether effect has been given to relief under this Part of this Schedule shall be determined as for the purposes of paragraph 17(1) below. Section 483(5) of the Taxes Act has effect subject to this sub-paragraph.

- (4) For the purpose of ascertaining the extent to which relief to which disallowed losses are attributable has been recovered in periods of account ending before the change of ownership, it shall be assumed—
- (a) that relief within sub-paragraph (3)(a) or (b) above is recovered from earlier periods before later periods and that effect is given to that relief from earlier periods before later periods;
 - (b) that relief under this Part of this Schedule is recovered from later periods before earlier periods and that effect is given to that relief from later periods before earlier periods.
- 15 (1) Where an amount of government investment in a body corporate is set off under section 48 of this Act against that body's losses as at the end of an accounting period, being losses within subsection (3)(a) of that section, then—
- (a) if the whole amount of those losses is extinguished by the set off sub-paragraph (2) below shall have effect in relation to the relief to which that amount is attributable; and
 - (b) if a lesser amount of those losses is so extinguished, that sub-paragraph shall have effect in relation to the relief to which that lesser amount is attributable.
- (2) The relief referred to in sub-paragraph (1) above shall, although unrecovered in periods of account ending in or before the accounting period there mentioned, nevertheless be disregarded in ascertaining the amount of unrecovered past relief in later periods of account.
- (3) Subject to sub-paragraph (4) below, relief to which any amount of extinguished losses is attributable shall be identified in accordance with paragraph 14(2) to (4) above as in the case of relief to which disallowed losses are attributable.
- (4) For the purposes of sub-paragraph (1)(b) above
- (a) the set off shall be treated as extinguishing the loss of an earlier accounting period before that of a later accounting period; and
 - (b) if the set off extinguishes only part of the loss of an accounting period, the components of that part shall be identified in accordance with paragraph 14(3) above as if that part were profits against which effect could be given to the relief.