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SCHEDULES

SCHEDULE 4

RELIEF FOR CARRIED-FORWARD LOSSES

PART 6

OIL ACTIVITIES

47 Part 8 of CTA 2010 (oil activities) is amended as follows.

48 After section 303 insert—

“303A Introduction to sections 303B to 303D: post-1 April 2017 non-decommissioning losses of ring fence trades

- (1) This section has effect for the purposes of sections 303B to 303D.
- (2) A loss made by a company in a ring fence trade is a “non-decommissioning loss” so far as it is not attributable to expenditure which is relevant expenditure in relation to a decommissioning relief agreement.
- (3) Where a company makes a loss for an accounting period in a ring fence trade, the amount (if any) of that loss that is “attributable to” expenditure which is relevant expenditure in relation to a decommissioning relief agreement is equal to—
 - (a) the total amount of such expenditure brought into account in calculating that loss, or
 - (b) if lower, the amount of the loss.
- (4) Expenditure is “relevant expenditure” in relation to a decommissioning relief agreement if it is decommissioning expenditure (as defined in section 81 of FA 2013) to which the provision of the agreement described in section 80(2)(b) of that Act relates.

In this subsection the reference to section 81 of FA 2013 is to that section as it has effect when the agreement in question is made.

- (5) In this section “decommissioning relief agreement” has the meaning given by section 80 of FA 2013.

303B Carry forward of losses against subsequent profits

- (1) This section applies if—
 - (a) in an accounting period beginning on or after 1 April 2017 (“the loss-making period”) a company makes a non-decommissioning loss in a ring fence trade,
 - (b) relief under—

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section 37 or 42, or

Part 5 (group relief),

is not given for an amount of the loss (“the unrelieved amount”), and

- (c) the company continues to carry on the ring fence trade in the next accounting period (“the later period”).
- (2) The unrelieved amount is carried forward to the later period.
 - (3) Relief for the unrelieved amount is given to the company in the later period if the company makes a profit in the trade for the later period.
 - (4) The relief is given by reducing the profits of the trade in the later period by the unrelieved amount.
 - (5) Relief under this section is subject to restriction or modification in accordance with the provisions of the Corporation Tax Acts.

303C Excess carried forward losses: relief against total profits

- (1) This section applies if—
 - (a) an amount of a non-decommissioning loss made in a ring fence trade is carried forward to an accounting period of a company (“the later period”) under section 303B(2) or 303D(3), and
 - (b) any of that amount (“the unrelieved amount”) is not deducted under section 303B(4) or 303D(5) (as the case may be) from the company's profits of the trade (if any) of the later period.
- (2) The company may make a claim for relief to be given for the unrelieved amount under this section (but see subsection (4)).
- (3) If the company makes a claim, the relief is given by deducting the unrelieved amount, or any part of it specified in the claim, from the company's total profits of the later period.
- (4) The company may not make a claim if—
 - (a) the ring fence trade became small or negligible in the loss-making period or any intervening period,
 - (b) relief under section 37 was unavailable for the non-decommissioning loss by reason of section 37(5) or 44, or
 - (c) relief under section 37 would be unavailable by reason of section 44 for a loss (assuming there was one) made in the ring fence trade in the later period or any intervening period.
- (5) In subsection (4)—
 - “intervening period” means an accounting period of the company which begins after the loss-making period and before the later period, and
 - “the loss-making period” means the accounting period of the company in which the non-decommissioning loss was made.
- (6) A claim under this section must be made—
 - (a) within the period of two years after the end of the later period, or
 - (b) within such further period as an officer of Revenue and Customs may allow.

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- (7) Relief under this section is subject to restriction or modification in accordance with the provisions of the Corporation Tax Acts.

303D Further carry forward against subsequent profits of loss not fully used

- (1) This section applies if—
- (a) an amount of a loss made in a ring fence trade is carried forward to an accounting period (“the later period”) of a company under section 303B(2) or subsection (3) of this section,
 - (b) any of that amount is unrelieved in the later period, and
 - (c) the company continues to carry on the ring fence trade in the accounting period (“the further period”) after the later period.
- (2) An amount carried forward as mentioned in subsection (1)(a) is “unrelieved in the later period” so far as it is not—
- (a) deducted under section 303B(4) or subsection (5) of this section from the company's profit (if any) of the later period,
 - (b) deducted from the company's total profits of the later period on a claim under section 303C, or
 - (c) surrendered by way of group relief for carried-forward losses under Part 5A of CTA 2010.
- (3) So much of the amount mentioned in subsection (1)(a) as is unrelieved in the later period is carried forward to the further period.
- (4) Relief for the amount carried forward under subsection (3) (“the remaining carried forward amount”) is given to the company in the further period if the company has a profit in the trade for that period.
- (5) The relief is given by reducing the profits of the trade of the further period by the remaining carried forward amount.
- (6) Relief under this section is subject to restriction or modification in accordance with the provisions of the Corporation Tax Acts.”

49 (1) Section 304 (losses) is amended as follows.

(2) After subsection (1) insert—

“(1A) Relief in respect of a loss incurred by a company may not be given against that company's ring fence profits under any provision listed in subsection (1B).

(1B) The provisions are—

- (a) section 753 of CTA 2009 (non-trading losses on intangible fixed assets);
- (b) section 45A (carry forward of trade loss against total profits);
- (c) section 62(3) (relief for losses made in UK property business).”

(3) In subsection (5), after “45” insert “ 45B, 303B(4) or 303D(5) ”.

(4) After subsection (6) insert—

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- “(7) A deduction in respect of a loss made in a ring fence trade is to be ignored for the purposes of section 269ZB (restriction on deductions from trading profits) if the deduction is under—
- (a) section 45 (carry forward of pre-1 April 2017 trade loss against subsequent profits), or
 - (b) section 45B (carry forward of post-1 April 2017 trade loss against total profits).”
- 50 (1) Section 305 (group relief) is amended as follows.
- (2) In the heading, at the end insert “ and group relief for carried-forward losses ”.
- (3) After subsection (1) insert—
- “(1A) On a claim under Chapter 3 of Part 5A, group relief for carried-forward losses may not be allowed against the claimant company’s ring fence profits.”
- (4) For subsection (4) substitute—
- “(4) In this section—
- “claimant company” is to be read in accordance with Part 5 (see section 188) or Part 5A (see sections 188CB(2) and 188CC(2)), as the case requires;
- “surrendering company” is to be read in accordance with Part 5 (see section 188).”
- 51 In section 307 (overview of Chapter 5 of Part 8: ring fence expenditure supplement) in subsection (6) for paragraph (c) substitute—
- “(c) relief given under sections 45, 45B, 303B, 303C and 303D for ring fence losses carried forward from earlier periods.”
- 52 (1) Section 321 (supplement in respect of a post-commencement period) is amended as follows.
- (2) In subsection (2) (treatment of supplement as loss etc)—
- (a) in the words before paragraph (a) after “period” insert “ beginning before 1 April 2017 ”, and
 - (b) in paragraph (b) after “forward of” insert “ pre-1 April 2017 ”.
- (3) After subsection (2) insert—
- “(2A) Any post-commencement supplement allowed on a claim in respect of a post-commencement period beginning on or after 1 April 2017 is to be treated for the purposes of the Corporation Tax Acts (other than the post-commencement supplement provisions or Part 4 of Schedule 19B to ICTA) as if it were a loss—
- (a) which is incurred in carrying on the ring fence trade in that period, and
 - (b) which falls in whole to be used under section 45B (carry forward of post-1 April 2017 trade loss against subsequent trade profits) to reduce trading income from the ring fence trade in succeeding accounting periods.”
- 53 (1) Section 323 (meaning of “ring fence losses”) is amended as follows.
- (2) In subsection (1)—

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- (a) for paragraph (b) substitute—
 - “(b) some or all of the loss falls to be carried forward to the following accounting period under section 45, 45B or 303B (carry forward of trade losses against subsequent profits)”, and
- (b) in the words after paragraph (b) for “used” substitute “carried forward”.

(3) In subsection (2) for “used” substitute “carried forward”.

54 For section 327 substitute—

“327 Reductions in respect of relief for carried-forward ring fence losses

- (1) Reductions are to be made in accordance with this section in a post-commencement period if the relevant amount for the period (see subsection (4)) is not nil.
- (2) If the company has a non-qualifying pool, the amount in the non-qualifying pool is to be reduced (but not below nil) by setting against it a sum equal to the relevant amount for the post-commencement period.
- (3) If—
 - (a) any of that sum remains after being so set against the amount in the non-qualifying pool, or
 - (b) the company does not have a non-qualifying pool,the amount in the ring fence pool is to be reduced (but not below nil) by setting against it so much of that sum as so remains or (as the case may be) a sum equal to the relevant amount for the post-commencement period.
- (4) For the purposes of this section, the relevant amount for a post-commencement period is the sum of—
 - (a) the amount of any relief given in respect of ring fence losses in the post-commencement period under sections 45, 45B, 303B, 303C and 303D, and
 - (b) the amount of any relief prevented from being given in respect of ring fence losses in the post-commencement period by claims made under sections 45(4A) and 45B(5).”

55 In section 328A (adjustment of pool to remove pre-2013 losses after the initial 6 periods) in subsection (11)—

- (a) in paragraph (a) for the words from the beginning to “a loss” substitute “no account is to be taken of a loss in determining under section 327(4) the relevant amount for a post-commencement period”, and
- (b) in paragraph (b) for the words from “ring fence losses” to the end substitute “any such profits are reduced by the use under section 45, 45B, 303B, 303C and 303D of ring fence losses that are not represented by the reduction”.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. A1 para. 8(6)(b) omitted by [2022 c. 3 Sch. 1 para. 32\(b\)](#)
- Sch. A1 para. 8(2) substituted by [2022 c. 3 Sch. 1 para. 32\(a\)](#)