

Extended loss carry-back for groups (Lecture B1288 – 8.19 minutes)

Five companies (A, B, C, D and E) make up a group for the purposes of S269ZZB CTA 2010. For the year ended 31 March 2021, these five companies have unrelieved trading losses remaining after a carry-back to the previous accounting period as follows:

	£
Company A	(125,000)
Company B	(150,000)
Company C	(175,000)
Company D	(200,000)
Company E	(1,800,000)

Companies A, B, C and D all have losses at or below the de minimis threshold and so they are able to make extended loss carry-back claims in advance of submitting their CT600 corporation tax returns to HMRC.

On the other hand, Company E has a loss of £1,800,000 to relieve. Since this amount exceeds the de minimis, Company E has to submit an extended loss carry-back claim in its return alongside an allocation statement (this assumes that Company E is the nominated company for doing this), showing all claims made within the group. The other four claims total £125,000 + £150,000 + £175,000 + £200,000 = £650,000. The group cap applies to restrict Company E's relief against its profits for the year ended 31 March 2019 to a maximum of £1,350,000. The balance of £1,800,000 – £1,350,000 = £450,000 can be carried back a further year for offset against Company E's profits for the year ended 31 March 2018.

Contributed by Robert Jamieson