

1 Corporate capital losses

Schedule 1 –

- (a) makes provision for restricting the amount of certain deductions which a company may make in calculating its taxable total profits for an accounting period,
- (b) makes provision about deductions from chargeable gains which may be made in calculating the taxable total profits of a company with no source of chargeable income for accounting periods within the same financial year, and
- (c) amends section 210A of TCGA 1992 (insurance companies: ring-fencing of losses) and section 93 of FA 2012 (insurance companies: minimum profits test).

SCHEDULE 1

Section 1

CORPORATE CAPITAL LOSSES

PART 1

CORPORATE CAPITAL LOSS RESTRICTION

Restriction on deduction from chargeable gains: main provisions

- 1 Part 7ZA of CTA 2010 (restrictions on obtaining certain deductions) is amended as follows.
- 2 After section 269ZB insert –

“269ZBA Restriction on deductions from chargeable gains

- (1) This section has effect for determining the taxable total profits of a company for an accounting period.
- (2) The sum of any deductions made by the company for the accounting period under section 2A(1)(b) of TCGA 1992 (allowable losses accruing in earlier accounting periods) may not exceed the relevant maximum.
But this is subject to subsection (7).
- (3) In this section the “relevant maximum” means the sum of –
 - (a) 50% of the company’s relevant chargeable gains for the accounting period, and
 - (b) the amount of the company’s chargeable gains deductions allowance for the accounting period.
- (4) Section 269ZF contains provision for determining a company’s relevant chargeable gains for an accounting period.
- (5) A company’s “chargeable gains deductions allowance” for an accounting period –
 - (a) is so much of the company’s deductions allowance for the period as is specified in the company’s tax return as its chargeable gains deductions allowance for the period, and
 - (b) accordingly, is nil if no amount of the company’s deductions allowance for the period is so specified.
- (6) An amount specified under subsection (5)(a) as a company’s chargeable gains deductions allowance for an accounting period may not exceed the difference between –
 - (a) the amount of the company’s deductions allowance for the period, and
 - (b) the total of any amounts specified for the period under –
 - (i) section 269ZB(7)(a) (trading profits deductions allowance),
 - (ii) section 269ZC(5)(a) (non-trading income profits deductions allowance), and
 - (iii) in the case of an insurance company, section 269ZFC(5)(a) (BLAGAB deductions allowance).

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- (7) Subsection (2) does not apply in relation to a company for an accounting period where, in determining the company's qualifying chargeable gains for the period, the amount given by step 1 in section 269ZF(3) is not greater than nil."
- 3 (1) Section 269ZC (restriction on deductions from non-trading profits) is amended in accordance with this paragraph.
- (2) In subsection (2), for "the relevant maximum" substitute "the difference between—
- (a) the relevant maximum, and
 - (b) the amount of any deductions made by the company for the accounting period under section 2A(1)(b) of TCGA 1992 (allowable losses accruing in earlier accounting periods)."
- (3) For subsection (3) substitute—
- "(3) In this section the "relevant maximum" means the sum of—
- (a) 50% of the company's total relevant non-trading profits for the accounting period, and
 - (b) the amount of the company's total non-trading profits deductions allowance for the accounting period.
- (3A) A company's "total non-trading profits deductions allowance" for the accounting period is the sum of—
- (a) the company's non-trading income profits deductions allowance (see subsection (5)), and
 - (b) the company's chargeable gains deductions allowance (see section 269ZBA(5))."
- (4) In subsection (4), for "relevant non-trading profits" substitute "total relevant non-trading profits".
- (5) In subsection (5) for "non-trading profits deductions allowance", in both places it occurs, substitute "non-trading income profits deductions allowance".
- (6) In subsection (6)—
- (a) in the words before paragraph (a), for "non-trading profits deductions allowance" substitute "non-trading income profits deductions allowance", and
 - (b) for paragraph (b) substitute—
 - "(b) the total of any amounts specified for the period under—
 - (i) section 269ZB(7)(a) (trading profits deductions allowance),
 - (ii) section 269ZBA(5)(a) (chargeable gains deductions allowance), and
 - (iii) in the case of an insurance company, section 269ZFC(5)(a) (BLAGAB deductions allowance)."
- (7) In subsection (8), for "relevant non-trading profits" substitute "qualifying non-trading income profits and qualifying chargeable gains".

4 In section 269ZD (restriction on deductions from total profits), in subsection (2)(b), after sub-paragraph (i) (before the “and”) insert –

“(ia) any deductions made by the company for the accounting period under section 2A(1)(b) of TCGA 1992 (allowable losses accruing in earlier accounting periods),”.

5 In section 269ZF (relevant profits), after subsection (2) insert –

“(2A) A company’s “relevant chargeable gains” for an accounting period are –

- (a) the company’s qualifying chargeable gains for the accounting period (see subsection (3)), less
- (b) the company’s chargeable gains deductions allowance for the accounting period (see section 269ZBA(5)).

But if the allowance mentioned in paragraph (b) exceeds the qualifying chargeable gains mentioned in paragraph (a), the company’s “relevant chargeable gains” for the accounting period are nil.

(2B) A company’s “total relevant non-trading profits” for an accounting period are –

- (a) the sum of –
 - (i) the company’s qualifying non-trading income profits for the period, and
 - (ii) the company’s qualifying chargeable gains for the period, less
- (b) the company’s total non-trading profits deductions allowance for the period (see section 269ZC(3A)).”

6 In section 269ZF, in subsection (3), for steps 3 to 5 substitute –

“Step 3 - trading profits, non-trading income profits and chargeable gains

Divide the company’s total profits for the accounting period (as modified under step 1(2)) into –

- (a) profits of a trade of the company (the company’s “trading profits”),
- (b) profits, other than chargeable gains, that are not profits of a trade of the company (the company’s “non-trading income profits”), and
- (c) chargeable gains included in the total profits (the company’s “chargeable gains”).

Step 4 - apportionment of the step 2 amount

- (1) Allocate the whole of the step 2 amount to one of, or between two or all of, the following –
 - (a) the company’s trading profits,
 - (b) the company’s non-trading income profits, and
 - (c) the company’s chargeable gains.
- (2) Reduce, but not below nil, each of the company’s trading profits, non-trading income profits and chargeable gains by the amount (if any) allocated to it under paragraph (1).

Step 5 - amount of qualifying trading profits, qualifying non-trading income profits and qualifying chargeable gains

The amounts resulting from step 3, after any reduction under step 4, are—

- (a) in the case of the amount in step 3(a), the company’s qualifying trading profits,
- (b) in the case of the amount in step 3(b), the company’s qualifying non-trading income profits, and
- (c) in the case of the amount in step 3(c), the company’s qualifying chargeable gains.”

7 In section 269ZF(4) (calculation of modified total profits) –

- (a) omit “and” at the end of paragraph (f), and
- (b) after paragraph (g) insert “; and
 - (h) make no deductions under section 2A(1)(b) of TCGA 1992 (allowable losses accruing in earlier accounting periods).”

Companies without a source of chargeable income

8 After section 269ZY of CTA 2010 insert –

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

- (1) A company may make a claim under this section in respect of an accounting period if –
 - (a) the accounting period falls wholly within a financial year,
 - (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 asset, and
 - (c) at all times during the financial year in which the accounting period falls –
 - (i) the company has no source of chargeable income (see subsection (5)), and
 - (ii) if the company is a member of a group (see section 269ZZB), each other member of the group has no source of chargeable income.
- (2) If a claim is made by a company under this section, the company’s deductions allowance for the accounting period is the lower of –
 - (a) the available deductions allowance amount for the period,
 - (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 accounting period,
 (and sections 269ZR to 269ZY (deductions allowance) do not apply).
- (3) The “available deductions allowance amount” for an accounting period is –
 - (a) £5,000,000, less
 - (b) the total of any deductions allowance which –

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- (i) the company, and
 - (ii) if the company is a member of a group, each other company in the group,would have been entitled to claim under this section in respect of each other accounting period (if any) in the same financial year.
 - (4) 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 financial year in which the accounting period falls.
 - (5) 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.

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(1)(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.
- (2) The company may make a declaration in the return for the accounting period that –
 - (a) at all earlier times in the financial year in which the accounting period falls –
 - (i) the company had no source of chargeable income (see section 269ZYA(5)), 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(1) 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 financial year in which the declaration is made.
- (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.”

Insurance companies: ring fence

- 9 (1) Section 210A of TCGA 1992 (insurance: ring-fencing of losses) is amended as follows.
 - (2) In subsection (2), after “to the company”, in the first place it occurs, insert “as permitted by subsection (2A)”.
 - (3) After subsection (2) insert –
 - “(2A) The following deductions may be made from the shareholders’ share of the BLAGAB chargeable gains accruing to the company in an accounting period –
 - (a) any available non-BLAGAB allowable losses accruing to the company in the period may be deducted under section 2A(1)(a), and
 - (b) after making any deductions within paragraph (a), any available non-BLAGAB allowable losses previously accruing to the company, which have not been allowed as a deduction from chargeable gains accruing in the period or in any previous accounting period, may (subject to section 269ZFC of CTA 2010) be deducted under section 2A(1)(b).
 - (2B) But those deductions may not reduce the shareholders’ share of BLAGAB chargeable gains below nil.
 - (2C) The amount of “available non-BLAGAB allowable losses” accruing to a company in an accounting period is the amount by which the non-BLAGAB allowable losses accruing to the company in the accounting period exceed the non-BLAGAB chargeable gains so accruing.”
 - (4) In subsection (13), in the definition of “BLAGAB chargeable gains”, after “means chargeable gains” insert “(as adjusted for allowable losses in accordance with section 75 of FA 2012)”.

- 10 After section 269ZFB of CTA 2010 insert –

“269ZFC Restriction on deductions of non-BLAGAB allowable losses from BLAGAB chargeable gains

- (1) This section has effect for determining the taxable total profits of an insurance company for an accounting period.
- (2) The sum of any deductions of non-BLAGAB allowable losses from the shareholders’ share of BLAGAB chargeable gains made by an insurance company for an accounting period under section 2A(1)(b) of TCGA 1992, as permitted by section 210A(2A)(b) of that Act, may not exceed the relevant maximum.
- (3) In this section, the “relevant maximum” means the sum of –
 - (a) 50% of the company’s relevant BLAGAB chargeable gains for the accounting period, and

(b) the amount of the company's BLAGAB deductions allowance for the accounting period.

(4) A company's "relevant BLAGAB chargeable gains" for an accounting period are—

(a) the shareholders' share of the BLAGAB chargeable gains for the accounting period, after any reduction under section 210A(2A)(a) of TCGA 1992, less

(b) the amount of the company's BLAGAB deductions allowance for the accounting period.

But if the allowance mentioned in paragraph (b) exceeds the shareholders' share of the BLAGAB chargeable gains mentioned in paragraph (a), the company's "relevant BLAGAB chargeable gains" for the accounting period are nil.

(5) A company's "BLAGAB deductions allowance" for an accounting period—

(a) is so much of the company's deductions allowance for the period as is specified in the company's tax return as its BLAGAB deductions allowance for the period, and

(b) accordingly, is nil if no amount of the company's deductions allowance for the period is so specified.

(6) An amount specified under subsection (5)(a) as the company's BLAGAB deductions allowance for an accounting period may not exceed the difference between—

(a) the amount of the company's deductions allowance for the period, and

(b) the total of any amounts specified for the period under section 269ZB(7)(a) (trading profits deductions allowance), section 269ZBA(5)(a) (chargeable gains deductions allowance) and section 269ZC(5)(a) (non-trading income profits deductions allowance).

(7) In this section, "BLAGAB chargeable gains", "insurance company" and "the shareholders' share of BLAGAB chargeable gains" have the same meaning as in section 210A of TCGA 1992."

11 (1) Part 7ZA of CTA 2010 is amended in accordance with this paragraph.

(2) In section 269ZD(2)(b)—

(a) omit the "and" after sub-paragraph (ia) (inserted by paragraph 4 of this Schedule), and

(b) after sub-paragraph (ii) insert "and

(iia) any deductions of non-BLAGAB allowable losses from the shareholders' share of BLAGAB chargeable gains made for the accounting period under section 2A(1)(b) of TCGA 1992, as permitted by section 210A(2A)(b) of that Act."

(3) In section 269ZFB(2), at the end of paragraph (b) insert "and provided that no deductions of non-BLAGAB allowable losses from the shareholders' share of BLAGAB chargeable gains are to be made under section 2A(1)(b) of TCGA 1992, as permitted by section 210A(2A)(b) of that Act."

- 12 In section 95 of FA 2012 (use of non-BLAGAB allowable losses to reduce I-E profit) for “in accordance with section 210A(2) of TCGA 1992” substitute “under section 2A(1) of TCGA 1992, as permitted by section 210A(2) and (2A) of that Act.”

Oil activities: ring fence

- 13 In section 197 of TCGA 1992 (disposals of interests in oil fields etc: ring fence provisions), after subsection (4) insert –
- “(4A) A deduction in respect of an aggregate loss accruing in a chargeable period that is (in accordance with subsection (4)(b) and (c)) allowable as a deduction against an aggregate gain treated as accruing in a later period is to be ignored for the purposes of section 269ZBA of CTA 2010 (corporate capital loss restriction: restriction on deductions from chargeable gains).”

Clogged losses

- 14 In section 18 of TCGA 1992 (transactions between connected persons) at the end insert –
- “(9) If deductible clogged losses have accrued to a company, the company may make a claim in respect of an accounting period for –
- (a) an amount of the deductible clogged losses to be treated, for the purposes of section 2A(1)(a), as allowable losses accruing in the accounting period, and
 - (b) the same amount of allowable losses accruing to the company in the period to be treated, for the purposes of section 2A(1)(b), as allowable losses previously accruing to the company while it was within the charge to corporation tax.
- (10) The amount in respect of which the claim is made may not exceed the total amount of any allowable losses accruing to the company in the accounting period for which the claim is made.
- (11) In subsection (9), “deductible clogged losses” means losses which would, apart from Part 7ZA of CTA 2010, be deductible under subsection (3) from chargeable gains accruing to the company in an accounting period.
- (12) A claim under subsection (9) must be made by being included in the company’s tax return for the accounting period for which the claim is made.”

Pre-entry losses

- 15 (1) Schedule 7A of TCGA 1992 (restriction on set-off of pre-entry losses) is amended in accordance with this paragraph.
- (2) In paragraph 6(1)(b), after “from that gain” insert “(subject to sub-paragraphs (1A) to (1C))”.
- (3) In paragraph 6(1)(c), after “section 2A(1)” insert “(subject to sub-paragraphs (1A) to (1C))”.
- (4) After sub-paragraph (1) insert –

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- “(1A) Sub-paragraph (1B) applies, in respect of an accounting period, if the amount of chargeable gains accruing to the company in the period exceeds the total of –
- (a) the amount of pre-entry losses accruing to the company in the period that are deductible under sub-paragraph (1)(a), and
 - (b) the amount of allowable losses, other than pre-entry losses, accruing to the company in the period.
- (1B) Where this sub-paragraph applies in respect of an accounting period –
- (a) the sum of any deductions under sub-paragraph (1)(b) may not exceed the total of –
 - (i) the amount of pre-entry losses that, on the assumption in sub-paragraph (1C), would be deductible under sub-paragraph (1)(b), and
 - (ii) the amount of allowable losses (other than pre-entry losses) that, on the assumption in sub-paragraph (1C), would be deductible under section 2A(1), and
 - (b) for the purposes of sub-paragraph (1)(c), the deductions made under section 2A(1) may not exceed the difference between –
 - (i) the total of the amounts mentioned in paragraph (a)(i) and (ii), and
 - (ii) the amount of pre-entry losses deducted under sub-paragraph (1)(b).
- (1C) The assumption is that deductions under sub-paragraph (1)(b) are treated for the purposes of Part 7ZA of CTA 2010 (restrictions on obtaining certain deductions) as if they were made under section 2A(1)(b) of this Act.”

Real estate investment trusts

- 16 Part 12 of CTA 2010 (real estate investment trusts) is amended as follows.
- 17 In section 535 (gains) at the end insert –
- “(10) In determining the amount of a gain accruing to a company which is not to be a chargeable gain as a result of this section, section 269ZBA of this Act (restriction on deductions) is to be ignored.”
- 18 In section 535B (use of pre-April 2019 residual business losses or deficits) at the end insert –
- “(4) In determining, for the purposes of subsection (2)(a), the amount of allowable losses accruing on disposals made before 6 April 2019 which would otherwise have been deducted from gains accruing to residual business of the company, section 269ZBA (restriction on deductions) is to be ignored.”
- 19 In section 556 (disposal of assets) in subsection (7), for “and 535A” substitute “, 535A and 535B”.

Counteraction of avoidance arrangements

- 20 (1) Section 19 of F(No.2)A 2017 (losses: counteraction of avoidance arrangements) is amended in accordance with this paragraph.
- (2) In subsection (8), before paragraph (a) insert—
“(za) section 2A(1) of TCGA 1992 (allowable capital losses);”.
- (3) At the end insert—
“(13) In the case of a tax advantage as a result of a deduction (or increased deduction) under section 2A(1) of TCGA 1992, subsections (10) and (11) have effect as if the references to 1 April 2017 were to 1 April 2020.”

Minor and consequential amendments to Part 7ZA of CTA 2010

- 21 Part 7ZA of CTA 2010 is amended as follows.
- 22 (1) Section 269ZB (restriction on deductions from trading profits) is amended in accordance with this paragraph.
- (2) In subsection (8), for paragraph (b) substitute—
“(b) the total of—
(i) the amount of the company’s total non-trading profits deductions allowance for the period (see section 269ZC(3A)), and
(ii) in the case of an insurance company, any amount specified for the period under section 269ZFC(5)(a) (BLAGAB deductions allowance).”
- (3) Omit subsection (9) (meaning of a company’s “deductions allowance”).
- 23 In section 269ZC (restriction on deductions from non-trading profits) omit subsection (7) (meaning of a company’s “deductions allowance”).
- 24 In section 269ZD (restriction on deductions from total profits) omit subsection (6) (meaning of a company’s “deductions allowance”).
- 25 After section 269ZD insert—

“269ZDA References to a company’s “deductions allowance”

- (1) This section applies for the purposes of sections 269ZB to 269ZD and 269ZFC.
- (2) A company’s “deductions allowance” for an accounting period is to be determined in accordance with section 269ZR where, at any time in that period—
(a) the company is a member of a group (see section 269ZZB), and
(b) one or more other companies within the charge to corporation tax are members of that group.
- (3) Otherwise, a company’s “deductions allowance” for an accounting period is to be determined in accordance with section 269ZW.
- (4) But subsections (2) and (3) are subject to section 269ZYA (deductions allowance for company without a source of chargeable income).”

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- 26 (1) Section 269ZF (“relevant trading profits” and “relevant non-trading profits”) is amended in accordance with this paragraph.
- (2) In subsection (2) –
- (a) for ““relevant non-trading profits””, in both places it occurs, substitute ““relevant non-trading income profits””,
 - (b) in paragraph (a), for “qualifying non-trading profits” substitute “qualifying non-trading income profits”, and
 - (c) in paragraph (b) for “non-trading profits deductions allowance” substitute “non-trading income profits deductions allowance”.
- (3) In subsection (3), in the words before step 1, for “and qualifying non-trading profits” substitute “, qualifying non-trading income profits and qualifying chargeable gains”.
- (4) In subsection (3), in paragraph (3) of step 1 –
- (a) for “and relevant non-trading profits” substitute “, qualifying non-trading income profits and qualifying chargeable gains”, and
 - (b) for “both” substitute “each”.
- (5) In subsection (3), in paragraph (3) of step 2 –
- (a) for “and the qualifying non-trading profits” substitute “, qualifying non-trading income profits and qualifying chargeable gains”, and
 - (b) for “both” substitute “each”.
- (6) In the heading, for “and “relevant non-trading profits”” substitute “, “relevant non-trading income profits” and “relevant chargeable gains””.
- 27 In section 269ZFA (“relevant profits”), in subsection (2) –
- (a) in paragraph (a), for “qualifying trading profits and qualifying non-trading profits” substitute “modified total profits”, and
 - (b) in paragraph (b), for “in determining” insert “which could be relieved against”.
- 28 In section 269ZR (deductions allowance for company in a group), at the end insert –
- “(5) See section 269ZYA for further provision about the deductions allowance for a company without a source of chargeable income which is a member of a group.”
- 29 In section 269ZW (deductions allowance for company not in a group), at the end insert –
- “(4) See section 269ZYA for further provision about the deductions allowance for a company without a source of chargeable income.”
- 30 In section 269ZZ (company tax return to specify amount of deductions allowance), in subsection (2) –
- (a) after “section 269ZB(2),” insert “269ZBA(2),”, and
 - (b) for “or 269ZD(2) or section 124D(1) of FA 2012” substitute “, 269ZD(2) or 269ZFC(2)”.
- 31 (1) Section 269ZZA(1) (excessive specification of deductions allowance: application of section) is amended in accordance with this paragraph.
- (2) After paragraph (b) insert –

- “(ba) the company’s chargeable gains deductions allowance for the period.”
- (3) In paragraph (c) for “non-trading profits deductions allowance” substitute “non-trading income profits deductions allowance”.
- (4) After paragraph (d) insert –
 - “(da) the company’s BLAGAB deductions allowance for the period.”
- (5) Omit paragraph (e).

PART 2

CORPORATE CAPITAL LOSS DEDUCTIONS: MISCELLANEOUS PROVISION

Companies without a source of chargeable income: carry back of losses

- 32 In section 2A of TCGA 1992 (company’s total profits to include chargeable gains), after subsection (2) insert –
- “(3) Subsection (4) applies if –
 - (a) a company has two or more accounting periods that fall wholly within the same financial year,
 - (b) the company is chargeable to corporation tax for each of those accounting periods only because of a chargeable gain accruing to the company on the disposal of asset, and
 - (c) in the period (if any) between each of those accounting periods, the company is not within the charge to corporation tax.
 - (4) For the purposes of determining the amount of chargeable gains to be included in the company’s total profits for each of the accounting periods by reference to which this subsection applies, subsection (1) has effect as if after paragraph (a) (before the “and”) there were inserted –
 - “(aa) so far as not otherwise deducted under this section, any allowable losses accruing to the company in another accounting period that falls wholly within the same financial year as the period mentioned in paragraph (a),”.

Insurance companies: minor amendments to TCGA 1992 and FA 2012

- 33 In section 210A of TCGA 1992, in subsection (10C), for the words from “In determining” to “an accounting period” substitute “For the purposes of subsections (10A) and (10B)”.
- 34 In section 93 of FA 2012 (minimum profits test), at the end insert –
- “(6) For the purposes of this section, assume that non-BLAGAB allowable losses cannot be deducted to any extent from BLAGAB chargeable gains (and, accordingly, assume that section 95 is not included in this Act).”

PART 3

COMMENCEMENT AND ANTI-FORESTALLING PROVISION

Commencement

- 35 The amendments made by this Schedule have effect in relation to accounting periods beginning on or after 1 April 2020.
- 36 (1) Paragraph 37 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 37 –
- (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.
- 37 (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 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) In section 2A(1)(a) of TCGA 1992, the reference to any allowable losses accruing to the company in the period is to be treated as including, for the purposes of determining the amount to be included in the company’s total profits in respect of chargeable gains for the pre-commencement period, a reference to any allowable losses accruing to the company in the post-commencement period.
- (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 of TCGA 1992, and
 - (ii) the chargeable gains accruing to the company in the post-commencement period.

Anti-forestalling provision

- 38 (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 section—
- (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 37, and
 - (c) “tax advantage” has the meaning given by section 1139 of CTA 2010.