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**Changes to legislation:** There are currently no known outstanding effects for the Finance Act 2019, Cross Heading: Restrictions on deductions from profits. (See end of Document for details)

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## SCHEDULES

### SCHEDULE 10

#### CORPORATION TAX RELIEF FOR CARRIED-FORWARD LOSSES

##### *Restrictions on deductions from profits*

- 1 CTA 2010 is amended as follows.
- 2 In section 188DD (group relief for carried-forward losses: claimant company's relevant maximum for overlapping period) omit subsection (4).
- 3 In section 188ED (group relief for carried-forward losses: claimant company's relevant maximum for overlapping period)—
  - (a) omit subsection (4), and
  - (b) in subsection (5) for “(4)” substitute “ (3) ”.
- 4 In section 269ZB (restriction on deductions from trading profits) in subsection (8) for paragraph (b) substitute—
  - “(b) any amount specified for the period under section 269ZC(5)(a) (non-trading profits deductions allowance).”
- 5 In section 269ZC (restriction on deductions from non-trading profits) in subsection (6) for paragraph (b) substitute—
  - “(b) any amount specified for the period under section 269ZB(7)(a) (trading profits deductions allowance).”
- 6 (1) Section 269ZD (restriction on deductions from total profits) is amended as follows.
  - (2) In subsection (2)—
    - (a) in paragraph (b)—
      - (i) at the end of sub-paragraph (i) insert “ and ”, and
      - (ii) omit sub-paragraph (iii) and the “and” immediately before it, and
    - (b) in the second sentence omit “and section 269ZE”.
  - (3) In subsection (4)(a) after “period” insert “ (see section 269ZFA) ”.
  - (4) Omit subsection (5).
  - (5) For subsection (7) substitute—
    - “(7) Subsection (2) does not apply in relation to a company for an accounting period where the amount given by paragraph (1) of step 1 in section 269ZF(3) is not greater than nil.”
- 7 Omit section 269ZE (restriction on deductions from total profits: insurance companies).
- 8 After section 269ZF insert—

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**“269ZFA “Relevant profits”**

- (1) A company's “relevant profits” for an accounting period are—
  - (a) the company's qualifying profits for the accounting period, less
  - (b) the company's deductions allowance for the accounting period (see section 269ZD(6)).
- (2) A company's “qualifying profits” for an accounting period are—
  - (a) the amount given by paragraph (1) of step 1 in section 269ZF(3) in determining the company's qualifying trading profits and qualifying non-trading profits for the accounting period, less
  - (b) the amount given by paragraph (1) of step 2 in section 269ZF(3) in determining those profits for the accounting period.”

9 After section 269ZFA (as inserted by paragraph 8) insert—

*“Modifications for certain insurance companies*

**269ZFB Modifications for certain insurance companies**

- (1) This section has effect for determining the taxable total profits of a company for an accounting period if the company—
  - (a) is an insurance company, and
  - (b) carries on basic life assurance and general annuity business in the period.
- (2) A reference in section 269ZD(7) and section 269ZFA(2) to the amount given by a paragraph of a step in section 269ZF(3) is to be read as a reference to the amount that would be so given if—
  - (a) section 269ZF(4)(a) did not require income referable to a company's basic life assurance and general annuity business to be ignored unless it falls within, and is dealt with under, Part 9A of CTA 2009 by reason of an election under section 931R of that Act, and
  - (b) section 269ZF(4)(d) required only the policyholders' share of any I-E profit (as determined in accordance with section 103 of FA 2012) to be ignored.
- (3) In this section—
  - “basic life assurance and general annuity business” has the meaning given by section 57 of FA 2012, and
  - “insurance company” has the meaning given by section 65 of that Act.”

10 In section 269ZJ (exclusion of shock losses from restrictions) omit subsection (4).

11 In section 269ZQ (power to amend) in subsection (2)(b) for “124E” substitute “124C”.

12 In section 269ZV (group allowance allocation statement: requirements and effects) after subsection (5) insert—

“(5A) In its application in relation to a listed company that is the ultimate parent (see section 269ZZB(3)) of each other company in the group, subsection (5)

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- has effect as if after “the group” in paragraph (b) of the definition of DAP there was inserted “and was not a member of any other group”.
- 13 In section 269CC (restrictions on deductions by banking companies: management expenses etc) in subsection (7) (how to determine “relevant maximum”) in Step 1 for “269ZD(5)” substitute “ 269ZFA ”.
- 14 In section 269CN (restrictions on deductions by banking companies: definitions) in the definition of “relevant profits” for “269ZD(5)” substitute “ 269ZFA ”.
- 15 In section 304(7) (certain deductions in respect of losses made in a ring fence trade to be ignored for the purposes of the restriction on deductions from trading profits) in paragraph (b) for “total” substitute “ trade ”.
- 16 FA 2012 is amended as follows.
- 17 In section 124 (carry forward of pre-1 April 2017 BLAGAB trade losses against subsequent profits) in subsection (5) omit “(but see also section 124D)”.
- 18 In section 124A (carry forward of post-1 April 2017 BLAGAB trade losses against subsequent profits) in subsection (5) omit “(but see also section 124D)”.
- 19 In section 124C (further carry forward against subsequent profits of post-1 April 2017 loss not fully used) in subsection (6) omit “(but see also section 124D)”.
- 20 Omit sections 124D and 124E (restriction on deductions from BLAGAB trade profits).

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