

**Losses**

***Summary***

1. This paper presents draft clauses which rewrite sections 118, 118ZB to 118ZD, 392A to 397, 399, 400 and 503 of ICTA. These contain rules relating to relief for losses.
2. The majority of the source legislation is in Chapters II and III of Part X of ICTA. However, some provisions that deal with specific areas of taxation are located elsewhere. To make it easier for users to find the particular loss provisions in which they are interested the approach proposed in the rewritten version is to bring together all of the clauses dealing with corporation tax losses in one Part.
3. The paper contains:
  - the draft clauses, with origins;
  - draft explanatory notes; and
  - draft notes outlining 5 proposed changes in the law.

***Questions for the committee***

4. We would be grateful for any comments you may have on these draft clauses.
5. There are 5 proposed changes. One is new and we would welcome any comments you may have on this. The others replicate changes made in ITTOIA or in ITA. They have therefore already been consulted on and scrutinised by the Joint Committee as the relevant Bill was being considered by Parliament. If there are nonetheless any comments on any of these proposed changes we should be grateful to have them too.

***Closing date for comments***

6. We would welcome any comments by 8 February 2008. If possible, they should be sent by e-mail to:

[jackie.bartlett@hmrc.gsi.gov.uk](mailto:jackie.bartlett@hmrc.gsi.gov.uk)

Written comments should be sent to:

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7. Please note that the names of respondents may be published unless they ask for their comments to be treated in confidence.

8 November 2007