



## Accelerate Tax Relief for Covid-19 Corporation Tax Losses

Companies which have a loss making Accounting Period (“AP2”) following a profit making Accounting Period (“AP1”), are able to utilise tax losses arising in AP2 by carrying them back and offsetting them against the profits of AP1, allowing for a refund of Corporation Tax paid in respect of AP1.

Normally, it is necessary for both the accounts and tax return for AP2 to be completed, before a loss carry back claim can be made, which typically will not be until a significant amount of time after the Corporation Tax in respect of AP1 has been paid (whether this is under instalment payments or paid 9 months and 1 day after the accounting period end).

However, HMRC has recently updated its guidance, allowing for loss carry back claims to be made in respect of anticipated losses arising in a second accounting period (“AP2”) which has not even finished yet. Prior to this change in stance by HMRC, accelerating loss carry back relief would have been more convoluted and often required a change to the company’s accounting period.

This means that normally profitable companies, which are anticipating to make losses in 2020 due to the unprecedented impact of COVID-19, may be in a position to reduce their tax 2019 Corporation tax bills, by accelerating the utilisation of their expected losses 2020 (AP2) losses. Accelerated claims will need to be supported by management accounts and forecasts, to substantiate the anticipated losses.

This could mean a cash refund in respect of 2019 tax already paid, or a reduction in 2019 tax due where it has not been paid yet – providing a valuable cash flow advantage in these challenging and uncertain times.

### How we can assist:

Rawlinson & Hunter can assist you in preparing the required management accounts and forecasts to support an accelerated claim for a loss carry back. We can also liaise with HMRC to track the status of the refund and manage you and HMRC through this process.

If you are interested in discussing whether an accelerated loss carry back claim is a possibility for your company, then please contact your usual Rawlinson & Hunter advisor, or any of those listed on the following page.

This publication and all other recent Rawlinson & Hunter LLP updates, including technical support on COVID-19 related initiatives, are on the technical updates section on our website [here](#).

# BUSINESS TAX ALERT

26 June 2020

Rawlinson & Hunter LLP

Eighth Floor  
6 New Street Square  
New Fetter Lane  
London EC4A 3AQ

And at

Q3, The Square  
Randalls Way  
Leatherhead  
Surrey KT22 7TW

T +44 (0)20 7842 2000  
F +44 (0)20 7842 2080

hello@rawlinson-hunter.com  
www.rawlinson-hunter.com

#### Partners

Chris Bliss FCA  
Mark Harris FCA  
David Barker CTA  
Kulwam Nagra FCA  
Paul Baker ACA  
Andrew Shilling FCA  
Craig Davies FCA  
Graeme Privett CTA  
Chris Hawley ACA  
Phil Collington CTA  
Toby Crooks ACA  
Michael Foster CTA  
Paul Huggins ACA  
Trevor Warmington CTA  
James Randall FCA  
Kristina Volodeva CTA  
David Kilshaw  
Alan Ive CTA

#### Directors

Lynnette Bober FCA  
Karen Doe  
Lynne Hunt FCA  
Gillian Lawrence CTA  
Nigel Medhurst AIT  
Al Nawrocki CTA  
Mark Shaw  
Catherine Thompson FCA  
Tracy Underwood CTA  
Yueling Wei FCA  
Sarah Fernando CTA

#### Consultant

Philip Prettejohn FCA

**RAWLINSON  
& HUNTER**

**James Randall, Partner**

*Email: james.randall@rawlinson-hunter.com*

*Direct Dial: +44 (0) 20 7842 2131*

**Andrew Shilling, Partner**

*Email: andrew.shilling@rawlinson-hunter.com*

*Direct Dial: +44 (0) 20 7842 2135*

**Craig Davies, Partner**

*Email: craig.davies@rawlinson-hunter.com*

*Direct Dial: +44 (0) 20 7842 2136*

**Kulwarn Nagra, Partner**

*Email: kulwarn.nagra@rawlinson-hunter.com*

*Direct Dial: +44 (0) 20 7842 2130*

*This publication and all other recent Rawlinson & Hunter LLP updates, including technical support on COVID-19 related initiatives, please see the technical updates section on our website here.*

*Rawlinson & Hunter is the trading name of Rawlinson & Hunter LLP, a limited liability partnership registered in England & Wales with registered number OC43050. The term partner, when used in relation to Rawlinson & Hunter LLP, refers to a member of the LLP. This communication contains general information only, and Rawlinson & Hunter LLP is not rendering professional advice or services by means of this communication.*