

White Ltd - Revised draft 2007 Tax Computations

The purpose of these calculations is to estimate the maximum potential 2007 UK corporation tax liabilities for the year

	White Ltd £	Red Ltd £	Blue Ltd £	Green Ltd £	Cyan Ltd £
Current period trading profits/(losses)		-200,000	-600,000		0
Payment under guarantee	-500,000				
Bank interest paid to UK bank	-700,000		-200,000		
Interest received/(paid) on intra group loans	-550,000	-300,000		-50,000	
Loan written off	0				
UK property income - net of allowable expenses	2,600,000				300,000
Loss carried forward at 31/12/07		500,000	800,000		
Capital gains					
Disposal of office building (subject to conditional contract point)				341,770	
s179 de-grouping charge				505,000	
Estimated c Capital loss	400,000 -400,000				
		0			
Current year taxable profits/ losses	850,000	0	0	796,770	300,000
UK corporation tax due at 30%	255,000	0	0	239,031	90,000

Notes

These calculations assume there is no restriction of relief in relief of interest paid by these companies to Yellow Ltd and the UK bank. In reality the treatment of these items probably depends upon the outcome of negotiations with HMRC concerning whether income tax should have been deducted from "interest" payments made to Yellow Ltd and resolution of the CFC issue regarding this company.

Gold Ltd will be required to pay income tax at the rate of 22% on rental income received from UK property interests. £250,500 @ 22% = £55,110

White Ltd is likely to be subject to a CFC apportionment in respect of the interest income of Yellow Ltd. £270,000

Liabilities on these issues for previous periods are unquantified.

Gain arising from sale of office building:

Proceeds	6,100,000
Cost	-5,405,000
	-100,000
Indexation .	-253,230
Chargeable	341,770
This gain was made after the company left the White Group for chargeable gains purposes	

s179 De-grouping charge

Office building	
Value at da	5,500,000
	-95,000
	5,405,000
Cost	-4,000,000
Estimated i	-700,000
	705,000
White Ltd c	-200,000
	505,000

Consortium relief not due on 2007 losses incurred by Red Ltd and Blue Ltd
60% interest in these companies held by individuals via Cerise LLP