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Facts

A is a private company limited by shares and holder of a Category 1 Global Business Licence issued by the Financial Services Commission.

The shareholding structure of A is as follows:

- Shareholding of A
 - 15,333 shares held by H, a company registered under the laws of Bahamas and
 - 1 share held by C.
- Shareholding of H
 - 3,899,999 shares held by B, a company registered under the laws of Barbados; and
 - 1 share held by C.
- Shareholding of B
 - 11,694,702 shares held by E, a company registered under the laws of the Netherlands.
- Shareholding of E
 - 99% of the shares of E are held by F, a company registered under the laws of Jersey and
 - Remaining 1% of the shares of E is held by G, a company registered under the laws of Jersey
- Shareholding of F
 - 100% shares of F held by G

H intends to transfer all the shares it holds in A to E. Upon dissolution and/or striking off of H and/or B, all the surplus assets will be distributed E.

Points at issue

1. Whether A is entitled to carry forward unrelieved losses from the past five years upon the transfer of all H shares held in the Company to E?

2. Whether A can carry forward the losses unrelieved from the past five years upon the dissolution and /or striking off of H and/or B and the distribution of all the surplus assets to E?

Ruling

On the basis of the above facts, it is confirmed that pursuant to Section 59(b) of the Income Tax Act and in accordance with Regulation 19, A can carry forward the unrelieved tax losses from the past five years -

1. upon the transfer of all H shares held in A to E; and
2. upon the dissolution and /or striking off of H and/or B and the distribution of all the surplus assets to E.