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Facts

A resident company holding an Export Enterprise Certificate has accumulated losses up to the year of assessment 1996/97.

The Income Tax Act 1995 provides that:

- a) a company holding an Export Enterprise Certificate is exempt from income tax as from the year of assessment 1997/98;
- b) a company may carry forward its unrelieved loss to be set-off against its net income derived in the following income year and in the succeeding years.

Point at issue

Whether the accumulated losses of the company will be available for set-off against its future income should there be a change in legislation rendering a company holding an Export Enterprise Certificate taxable.

Ruling

As the law stands, accumulated losses up to the year of assessment 1996/97 of a company holding an Export Enterprise Certificate are available for set-off against future taxable income of the company.