



Finance Act 2007

2007 CHAPTER 11

PART 3

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Anti-avoidance

27 Extension of restrictions on allowable capital losses

- (1) TCGA 1992 is amended as follows.
- (2) In section 8 (company's total profits to include chargeable gains)—
 - (a) in subsection (2), for the words from “does not include—” to the end substitute “ does not include a loss accruing to a company in such circumstances that if a gain accrued the company would be exempt from corporation tax in respect of it. ”, and
 - (b) omit subsections (2A) to (2C).
- (3) After section 16 insert—

“16A Restrictions on allowable losses

- (1) For the purposes of this Act, “allowable loss” does not include a loss accruing to a person if—
 - (a) it accrues to the person directly or indirectly in consequence of, or otherwise in connection with, any arrangements, and
 - (b) the main purpose, or one of the main purposes, of the arrangements is to secure a tax advantage.
- (2) For the purposes of subsection (1)—

“arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable), and

Changes to legislation: Finance Act 2007, Section 27 is up to date with all changes known to be in force on or before 23 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

“tax advantage” means—

- (a) relief or increased relief from tax,
- (b) repayment or increased repayment of tax,
- (c) the avoidance or reduction of a charge to tax or an assessment to tax, or
- (d) the avoidance of a possible assessment to tax,

and for the purposes of this definition “tax” means capital gains tax, corporation tax or income tax.

(3) For the purposes of subsection (1) it does not matter—

- (a) whether the loss accrues at a time when there are no chargeable gains from which it could otherwise have been deducted, or
- (b) whether the tax advantage is secured for the person to whom the loss accrues or for any other person.”

(4) In section 288(1) (interpretation), in the definition of “allowable loss”, after “16” insert “, 16A ”.

^{F1}(5)

(6) The amendments made by this section have effect in relation to losses accruing on disposals made on or after 6th December 2006.

Textual Amendments

F1 S. 27(5) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 993 modified by [2016 c. 24 s. 118\(2\)](#)
- Sch. 24 para. 12(5)(za) inserted by [2015 c. 11 Sch. 20 para. 6\(a\)](#)
- Sch. 24 para. 21A(A1) inserted by [2015 c. 11 Sch. 20 para. 7\(2\)](#)
- Sch. 24 para. 4A(A1)(1) substituted for Sch. 24 para. 4A(1) by [2015 c. 11 Sch. 20 para. 3\(2\)](#)