



Finance Act 2012

2012 CHAPTER 14

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 2

INCOME TAX: GENERAL

Anti-avoidance

9 Post-cessation trade or property relief: tax-generated payments or events

- (1) Part 4 of ITA 2007 (loss relief) is amended as follows.
- (2) In section 96(7) (post-cessation trade relief), after paragraph (b) insert—
“(ba) section 98A (denial of relief for tax-generated payments or events),”.
- (3) After section 98 insert—

“98A Denial of relief for tax-generated payments or events

- (1) Post-cessation trade relief is not available to a person in respect of a payment or an event which is made or occurs directly or indirectly in consequence of, or otherwise in connection with, relevant tax avoidance arrangements (and, accordingly, no section 261D claim may be made in respect of the payment or event).
- (2) For this purpose “relevant tax avoidance arrangements” means arrangements—
 - (a) to which the person is a party, and
 - (b) the main purpose, or one of the main purposes, of which is the obtaining of a reduction in tax liability as a result of the availability of

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post-cessation trade relief (whether by making a claim for that relief or a section 261D claim).

- (3) In this section—
- (a) “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable), and
 - (b) “section 261D claim” means a claim under section 261D of TCGA 1992.”
- (4) In section 125(6) (post-cessation property relief), after paragraph (b) insert—
- “(ba) section 98A (denial of relief for tax-generated payments or events),”.
- (5) The amendments made by subsections (2) and (3) have effect in relation to—
- (a) payments which are made on or after 12 January 2012 except where they are made pursuant to an unconditional obligation in a contract made before that date, or
 - (b) events which occur on or after that date.
- (6) The amendment made by subsection (4) has effect in relation to—
- (a) payments which are made on or after 13 March 2012 except where they are made pursuant to an unconditional obligation in a contract made before that date, or
 - (b) events which occur on or after that date.
- (7) In subsections (5)(a) and (6)(a) “an unconditional obligation” means an obligation which may not be varied or extinguished by the exercise of a right (whether under the contract or otherwise).
- (8) For the purposes of subsections (5)(b) and (6)(b) section 98 of ITA 2007 applies for determining when an event occurs.

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