



# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART X

#### LOSS RELIEF AND GROUP RELIEF

#### CHAPTER I

#### LOSS RELIEF: INCOME TAX

*[<sup>F1</sup>Losses from Schedule A business or overseas property business]*

#### Textual Amendments

- F1** S. 379A cross-heading substituted (with effect in accordance with s. 38(2)(3) of the amending Act) by Finance Act 1998 (c. 36), Sch. 5 para. 26 (with Sch. 5 para. 73)

#### **379A Schedule A losses.**

- (1) Subject to the following provisions of this section, where for any year of assessment any person sustains any loss in a Schedule A business carried on by him either solely or in partnership—
  - (a) the loss shall be carried forward to the following year of assessment and, to the extent that it does not exceed them, set against any [<sup>F2</sup>profits] of that business for the year to which it is carried forward; and
  - (b) where there are no [<sup>F2</sup>profits] for the following year or the [<sup>F2</sup>profits] for that year are exceeded by the amount of the loss, the loss or, as the case may be, the remainder of it shall be so carried forward to the next following year, and so on.
- (2) Subsection (3) below shall apply where a loss is sustained in a Schedule A business for any year of assessment (“the year of the loss”) and one or both of the following conditions is satisfied, that is to say—

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- (a) the amount of the <sup>F3</sup> . . . capital allowances treated as expenses of that business in computing that loss exceeds, by any amount (“the net capital allowances”), the amount of any charges under the 1990 Act which are treated as receipts of that business in computing that loss;
- (b) the Schedule A business has been carried on in relation to land that consists of or includes an agricultural estate to which allowable agricultural expenses deducted in computing that loss are attributable;

<sup>F4</sup> . . .

(3) Where the person carrying on the Schedule A business in a case to which this subsection applies makes a claim, in relation to the year of the loss or the year following that year, for relief under this subsection in respect of the loss—

- (a) relief from income tax may be given, for the year to which the claim relates, on an amount of that person’s income for that year which is equal to the amount of relief available for that year in respect of the loss; and
- (b) the loss which is to be or has been carried forward under subsection (1) above shall be treated as reduced (if necessary to nil) by an amount equal to the amount on which relief is given;

but a claim for relief under this subsection shall not be made after the end of twelve months from the 31st January next following the end of the year to which it relates and shall be accompanied by all such amendments as may be required by virtue of paragraph (b) above of any self-assessment previously made by the claimant under section 9 of the Management Act.

(4) Subject to subsection (5) below, the reference in subsection (3) above to the amount of the relief available for any year in respect of a loss is a reference to whichever is the smallest of the following amounts, that is to say—

- (a) the amount of the relievable income for the year to which the claim relates;
- (b) the loss sustained in the Schedule A business in the year of the loss; and
- (c) the amount which, according to whether one or both of the conditions mentioned in subsection (2) above is satisfied in relation to the year of the loss, is equal—
  - (i) to the net capital allowances,
  - (ii) to the amount of the allowable agricultural expenses for the year of the loss, or
  - (iii) to the sum of the net capital allowances and the amount of those expenses.

(5) Where relief under subsection (3) above is given in respect of a loss in relation to either of the years in relation to which relief may be claimed in respect of that loss, relief shall not be available in respect of the same loss for the other year except, in a case where the relief already given is of an amount determined in accordance with subsection (4)(a) above, to the extent that the smaller of the amounts applicable by virtue of subsection (4)(b) and (c) above exceeds the amount of relief already given.

(6) For the purposes of subsection (4)(a) above the amount of relievable income for any year, in relation to any person, shall be equal to the amount of his income for that year—

- (a) after effect has been given to subsection (1) above in relation to any amount carried forward to that year in respect of a loss sustained in any year before the year of the loss, and

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- (b) in the case of a claim under subsection (3) above in relation to the year of the loss, after effect has been given to any claim under that subsection in respect of a loss sustained in the preceding year.
- (7) For the purposes of this section the loss sustained in any Schedule A business shall be computed in like manner as the [<sup>F2</sup>profits arising] from such a business are computed under the provisions of the Income Tax Acts applicable to Schedule A.
- (8) In this section “allowable agricultural expenses”, in relation to an agricultural estate, means any disbursements or expenses attributable to the estate which are deductible in respect of maintenance, repairs, insurance or management of the estate and otherwise than in respect of the interest payable on any loan.
- (9) For the purposes of this section the amount of any disbursements or expenses attributable to an agricultural estate shall be determined as if—
- (a) disbursements and expenses were to be disregarded to the extent that they would not have been attributable to the estate if it did not include the parts of it used wholly for purposes other than purposes of husbandry, and
- (b) disbursements and expenses in respect of parts of the estate used partly for purposes of husbandry and partly for other purposes were to be reduced to an extent corresponding to the extent to which those parts were used for other purposes.
- (10) In this section—
- “agricultural estate” means any land (including any houses or other buildings) which is managed as one estate and which consists of or includes any agricultural land; and
- “agricultural land” means land, houses or other buildings in the United Kingdom occupied wholly or mainly for the purposes of husbandry.

#### Textual Amendments

- F2** Words in s. 379A(1)(a)(b)(7) substituted (31.7.1998) by [Finance Act 1998 \(c. 36\), s. 46\(3\), Sch. 7 para. 1](#)
- F3** Word in s. 379A(2)(a) repealed (with effect in accordance with Sch. 15 para 9(1) of the repealing Act) by [Finance Act 1997 \(c. 16\), Sch. 15 para. 2\(1\)\(a\), Sch. 18 Pt. 6\(11\)](#), Note
- F4** Words in s. 379A(2) repealed (with effect in accordance with Sch. 15 para 9(1) of the repealing Act) by [Finance Act 1997 \(c. 16\), Sch. 15 para. 2\(1\)\(b\), Sch. 18 Pt. 6\(11\)](#), Note

#### Modifications etc. (not altering text)

- C1** S. 379A restricted (1.5.1995) by [Finance Act 1995 \(c. 4\), s. 41\(8\)](#)
- C2** S. 379A(1) applied (with effect in accordance with s. 39(4)(5) of the affecting Act) by [Finance Act 1995 \(c. 4\), Sch. 6 para. 19\(2\)\(3\)](#)
- C3** S. 379A(3) applied (with effect in accordance with s. 39(4)(5) of the modifying Act) [Finance Act 1995 \(c. 4\), Sch. 6 para. 19\(4\)](#)

#### [<sup>F5</sup>379B Losses from overseas property business.

The provisions of section 379A apply in relation to an overseas property business as they apply in relation to a Schedule A business.]

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#### **Textual Amendments**

- F5** [S. 379B](#) inserted (with effect in accordance with [s. 38\(2\)\(3\)](#) of the amending Act) by [Finance Act 1998](#) (c. 36), [Sch. 5 para. 27](#) (with [Sch. 5 para. 73](#))

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