



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART IV

PROVISIONS RELATING TO THE SCHEDULE D CHARGE

CHAPTER VII

PARTNERSHIPS AND SUCCESSIONS

[^{F1}Non-active general partners and non-active members of limited liability partnerships

[^{F1}118ZICarry forward of unrelieved losses of non-active partners

- (1) Where amounts relating to a trade carried on by an individual in a qualifying year of assessment are prevented from being given by section 118ZE as it applies otherwise than by virtue of this section or section 118ZD, subsection (3) of this section applies as respects each subsequent year of assessment in which—
 - (a) the individual carries on the trade in partnership or makes a contribution to the assets of the partnership on its winding up, and
 - (b) any of his total restricted loss remains outstanding.
- (2) His “total restricted loss” means the total of any amounts, relating to any one or more qualifying years of assessment, that have been prevented from being given by section 118ZE as it applies otherwise than by virtue of this section or section 118ZD.
- (3) Sections 380 and 381 (and section 118ZE as it applies in relation to those sections) shall have effect in the subsequent year of assessment as if—
 - (a) any loss sustained by the individual in the trade in that year of assessment were increased by an amount equal to so much of his total restricted loss as remains outstanding in that year of assessment, or
 - (b) (if no loss is sustained) a loss of that amount were so sustained.

Status: Point in time view as at 22/07/2004. This version of this provision has been superseded.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

- (4) To ascertain whether any (and, if so, how much) of the individual's total restricted loss remains outstanding in the subsequent year of assessment, deduct from the amount of his total restricted loss the aggregate of—
- (a) any relief given (otherwise than as a result of subsection (3)) under any provision of the Tax Acts, in that or any previous year of assessment, in respect of any of his total restricted loss, and
 - (b) any amount which was given as a result of subsection (3), in any previous year of assessment, in respect of any of his total restricted loss (or which would have been so given had a claim been made).
- (5) For the purposes of sections 118ZE and 118ZF (and of sections 117 and 118ZB(2))—
- (a) any additional amount of loss deemed by subsection (3)(a) to have been sustained in the subsequent year of assessment, and
 - (b) any loss deemed by subsection (3)(b) to have been so sustained,
- shall be treated as having been sustained in a qualifying year of assessment.
- (6) Subsection (7) applies where the subsequent year of assessment—
- (a) is one in which the trade is not carried on in partnership by the individual, but
 - (b) is one in which he contributes to the assets of the partnership on its winding up.
- (7) Where this subsection applies, nothing in section 381(4) or 384 (restrictions on right of set-off) applies to—
- (a) an additional amount of loss deemed by subsection (3)(a) to have been sustained in the subsequent year of assessment, or
 - (b) a loss deemed by subsection (3)(b) to have been so sustained.
- (8) In this section “qualifying year of assessment” has the meaning given by section 118ZE.]

Textual Amendments

F1 Ss. 118ZE-118ZK and preceding cross-heading inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), s. 124(1)

Status:

Point in time view as at 22/07/2004. This version of this provision has been superseded.

Changes to legislation:

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income and Corporation Taxes Act 1988. Any changes that have already been made by the team appear in the content and are referenced with annotations.