Income Tax Act 2007

2007 CHAPTER 3

PART 4

LOSS RELIEF

CHAPTER 2

TRADE LOSSES

[F1Restriction on sideways relief and capital gains relief where cash basis applies

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Textual Amendments

F1   S. 74E and cross-heading inserted (with effect in accordance with Sch. 4 paras. 56, 57 of the amending Act) by Finance Act 2013 (c. 29), **Sch. 4 para. 54(4)**

74E   No relief where cash basis used to calculate losses

(1) This section applies if—

    (a)   a person makes a loss in any trade in a tax year, and

    (b)   an election under section 25A of ITTOIA 2005 (cash basis for small businesses) has effect in relation to the trade for that tax year.

(2) No sideways relief or capital gains relief may be given to the person for the loss.

(3) For the purposes of this section—

    (a)   capital gains relief is, in relation to a loss, the treatment of a loss as an allowable loss by virtue of section 261B of TCGA 1992 (use of trading loss as a CGT loss), and

    (b)   capital gains relief is given for a loss when it is so treated.]

Modifications etc. (not altering text)

C1   S. 74E applied (10.6.2021) by Finance Act 2021 (c. 26), **Sch. 2 para. 3(1)(c)**

Changes to legislation:
There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income Tax Act 2007. Any changes that have already been made by the team appear in the content and are referenced with annotations.
View outstanding changes

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. 24B inserted by 2023 c. 30 Sch. 2 para. 10(3)
–   s. 788(7) inserted by 2007 c. 29 Sch. 21 para. 161(b) (The amending provision was repealed before coming into force.)