
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2010, Paragraph 5. (See end of Document for details)

SCHEDULES

SCHEDULE 3

SIDEWAYS RELIEF ETC

Amendments of Chapter 2 of Part 4 of ITA 2007

5 Before section 74A insert—

No relief for tax-generated losses

“74ZA(1) This section applies if—

- (a) during a tax year a person carries on (alone or in partnership) a trade, profession or vocation (“the relevant activity”),
- (b) the person makes a loss in the relevant activity in that tax year, and
- (c) the loss arises directly or indirectly in consequence of, or otherwise in connection with, relevant tax avoidance arrangements.

(2) No sideways relief or capital gains relief may be given to the person for the loss (but subject to subsection (5)).

(3) In subsection (1) “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 by means of sideways relief or capital gains relief.

(4) In subsection (3) “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).

(5) This section has no effect in relation to any loss that derives wholly from qualifying film expenditure (see section 74D).

(6) 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.”

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