



Finance Act 2010

2010 CHAPTER 13

PART 2

ANTI-AVOIDANCE AND REVENUE PROTECTION

Losses, capital allowances etc

25 Property loss relief

- (1) Chapter 4 of Part 4 of ITA 2007 (losses from property businesses) is amended as follows.
- (2) In section 117 (overview of Chapter), after subsection (2) insert—
 - “(3) This Chapter also contains provision restricting relief under this Chapter (see section 127A).”
- (3) In section 120 (deduction of property losses from general income), after subsection (6) insert—
 - “(7) See also section 127A (no relief for tax-generated losses attributable to annual investment allowance).”
- (4) After section 127 insert—

“Restrictions on relief

127A No relief for tax-generated losses attributable to annual investment allowance

- (1) This section applies if—
 - (a) in a tax year a person makes a loss in a UK property business or overseas property business (whether carried on alone or in partnership),

*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 2010, Section 25. (See end of Document for details)*

- (b) the loss has a capital allowances connection (see section 123(2)), and
 - (c) the loss arises directly or indirectly in consequence of, or otherwise in connection with, relevant tax avoidance arrangements.
- (2) No property loss relief against general income may be given to the person for so much of the applicable amount of the loss as is attributable to an annual investment allowance.
- (3) For the purposes of subsection (2), the applicable amount of the loss is to be treated as attributable to capital allowances before anything else and to an annual investment allowance before any other capital allowance.
- (4) 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 being in a position to make use of an annual investment allowance in the obtaining of a reduction in tax liability by means of property loss relief against general income.
- (5) In subsection (4) “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).
- (6) In this section “the applicable amount of the loss” has the meaning given by section 122.”
- (5) The amendments made by this section have effect in relation to a loss if it arises directly or indirectly in consequence of, or otherwise in connection with—
 - (a) arrangements which are entered into on or after 24 March 2010, or
 - (b) any transaction forming part of arrangements which is entered into on or after that date.
- (6) But those amendments do not have effect where the arrangements are, or any such transaction is, entered into pursuant to an unconditional obligation in a contract made before that date.
- (7) “An unconditional obligation” means an obligation which may not be varied or extinguished by the exercise of a right (whether or not under the contract).

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2010, Section 25.