

Option to treat capital allowances as creating or augmenting a loss. ITA67 s318; FA97 s146(1) and Sch9 PtI par1(23) 392.—(1) Subject to this Chapter, any claim made under section 381 for relief in respect of a loss sustained in any trade in any year of assessment (in this Chapter referred to as “the year of the loss”) may require the amount of the loss to be determined as if an amount equal to the capital allowances for the year of the loss were to be deducted in computing the profits or gains or losses of the trade in the year of the loss, and a claim may be so made notwithstanding that apart from those allowances a loss had not been sustained in the trade in the year of the loss.

(2) Where on any claim made by virtue of this Chapter relief is not given under section 381 for the full amount of the loss determined under subsection (1), the relief shall be referred, as far as may be, to the loss sustained in the trade rather than to the capital allowances in respect of the trade.