

Determination of terminal loss. ITA67 s312; FA96 s131(2) and Sch5 PtI par1(16) 386.—(1) In this section, “the relevant capital allowances”, in relation to any year of assessment, means the capital allowances to be made in charging the profits or gains of the trade or profession for that year, excluding amounts carried forward from an earlier year, and for the purposes of paragraphs (a) and (c) of subsection (2) the amount of a loss shall be computed in the like manner as profits or gains are computed under the provisions of the Income Tax Acts applicable to Cases I and II of Schedule D.

(2) The question whether a person has sustained any, and if so what, terminal loss in a trade or profession shall for the purposes of section 385 be determined by taking the amounts, if any, of the following (in so far as they have not been otherwise taken into account so as to reduce or relieve any charge to income tax)—

(a) the loss sustained by the person in the trade or profession in the year of assessment in which it is permanently discontinued;

(b) the relevant capital allowances for that year of assessment;

(c) the loss sustained by the person in the trade or profession in the part of the preceding year of assessment beginning 12 months before the date of the discontinuance;

(d) the same fraction of the relevant capital allowances for that preceding year of assessment as the part beginning 12 months before the date of the discontinuance is of a year.