

CHAPTER 2 Income tax: loss relief— treatment of capital allowances

Interpretation). ITA67 s317(1), (2)(b), (c) and (d) and s322; FA69 s65(1) and Sch5 Ptl; FA75 s33(2) and Sch1 Ptl; FA97 s146(2) and Sch9 Ptl 391.—(1) In this Chapter—

“balancing charges” means balancing charges under Part 9 or Chapter 1 of Part 29;

“year of claim”, in relation to any claim under section 381, means the year of assessment for which the claim is made.

(2) For the purposes of this Chapter—

(a) any reference to capital allowances or balancing charges for a year of assessment shall be construed as a reference to those to be made in charging the profits or gains of the trade for that year, excluding, in the case of allowances, amounts carried forward from an earlier year,

(b) effect shall be deemed to be given in charging the profits or gains of the trade for a year of assessment to allowances carried forward from an earlier year before it is given to allowances for the year of assessment, and

(c) any reference to an amount of capital allowances non-effective in a year of assessment shall be construed as referring to the amount to which effect cannot be given in charging the profits or gains of the trade for that year by reason of an insufficiency of profits or gains.

(3) This Chapter shall apply, with any necessary modifications, in relation to a profession or employment as it applies in relation to a trade.