HMRC - CH82331 - Losses Available Income Tax Example

You must check the date from which these rules apply for the tax or duty you are dealing with. See You must check the date from which these rules apply for the tax or duty you are dealing with. See for full details.

Sian’s business ceases trading and returns a trade loss of £8,000 for the final period of trading.

£5,000 is set off against her profits for the final three tax periods. The balance of £3,000 would only be available to set off against any future profits if she had continued trading.

Sian’s return is found to contain a careless inaccuracy which is put right, producing a true loss of £4,000. Sian is able to demonstrate that there is no likelihood of her receiving any further income from the discontinued trade.

The potential lost revenue (PLR), assuming Sian is liable to tax at the basic rate (say 22%), is

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Sian’s return is found to contain a careless inaccuracy which is put right, producing a true loss of £4,000. Sian is able to demonstrate that there is no likelihood of her receiving any further income from the discontinued trade.

\*see CH82370.

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