



# Income Tax Act 2007

## 2007 CHAPTER 3

### PART 4

#### LOSS RELIEF

### CHAPTER 5

#### LOSSES IN AN EMPLOYMENT OR OFFICE

#### **128 Employment loss relief against general income**

- (1) A person may make a claim for employment loss relief against general income if the person—
  - (a) is in employment or holds an office in a tax year, and
  - (b) makes a loss in the employment or office in the tax year (“the loss-making year”).
- (2) The claim is for the loss to be deducted in calculating the person's net income—
  - (a) for the loss-making year,
  - (b) for the previous tax year, or
  - (c) for both tax years.

(See Step 2 of the calculation in section 23.)
- (3) If the claim is made in relation to both tax years, the claim must specify the year for which a deduction is to be made first.
- (4) Otherwise the claim must specify either the loss-making year or the previous tax year.
- (5) The claim must be made on or before the first anniversary of the normal self-assessment filing date for the loss-making year.

*Status: Point in time view as at 17/07/2013.*

*Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Chapter 5. (See end of Document for details)*

[<sup>F1</sup>(5A) No claim may be made in respect of the loss if and to the extent that it is made as a result of anything done in pursuance of arrangements the main purpose, or one of the main purposes, of which is the avoidance of tax.]

- (6) Nothing in this section prevents a person who makes a claim specifying a particular tax year in respect of a loss from making a further claim specifying the other tax year in respect of the unused part of the loss.
- (7) This Chapter is subject to paragraph 2 of Schedule 1B to TMA 1970 (claims for loss relief involving two or more years).
- (8) This section needs to be read with section 129 (how relief works).

#### Textual Amendments

- F1** S. 128(5A) inserted (with effect in accordance with s. 68(2) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [s. 68\(1\)](#) (with [s. 68\(3\)](#))

## 129 How relief works

- (1) This subsection explains how the deductions are to be made.

The amount of the loss to be deducted at any step is limited in accordance with [<sup>F2</sup>sections 24A and 25(4) and (5)].

#### *Step 1*

Deduct the loss in calculating the person's net income for the specified tax year.

#### *Step 2*

This step applies only if the claim is made in relation to both tax years.

Deduct the part of the loss not deducted at Step 1 in calculating the person's net income for the other tax year.

- (2) There is a priority rule if a person—
  - (a) makes a claim for employment loss relief against general income (“the first claim”) in relation to the loss-making year, and
  - (b) makes a separate claim in respect of a loss made in the following tax year in relation to the same tax year as the first claim.
- (3) The rule is that priority is given to making deductions under the first claim.
- (4) For this purpose a “separate claim” means—
  - (a) a claim for employment loss relief against general income, or
  - (b) a claim for trade loss relief against general income (see sections 64 to 70).

#### Textual Amendments

- F2** Words in s. 129(1) substituted (with effect in accordance with Sch. 3 para. 3 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 3 para. 2\(3\)\(d\)](#)

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*Status: Point in time view as at 17/07/2013.*

*Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Chapter 5. (See end of Document for details)*

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### **130 Treating loss in employment or office as CGT loss**

A person who cannot deduct all of a loss in an employment or office under a claim for employment loss relief against general income may be able to treat the unused part as an allowable loss for capital gains tax purposes: see sections 261B and 261C of TCGA 1992.

**Status:**

Point in time view as at 17/07/2013.

**Changes to legislation:**

There are currently no known outstanding effects for the Income Tax Act 2007, Chapter 5.