



Income Tax Act 2007

2007 CHAPTER 3

PART 4

LOSS RELIEF

CHAPTER 2

TRADE LOSSES

Restriction on relief for “hobby” farming or market gardening

70 Determining losses in previous tax years

- (1) This section applies for the purposes of sections 67(2) and 68(5) in determining whether a loss, calculated without regard to capital allowances, is made in the trade in any tax year before the current tax year.
- (2) The loss made in a tax year before the current tax year is not taken to be the loss (if any) made in the basis period for the tax year, but is instead the loss made in the tax year itself.
- (3) This loss is determined by reference to—
 - (a) the profits or losses of periods of account of the trade (calculated for income tax purposes, but without regard to capital allowances), or
 - (b) if (as a result of section 69) a person claiming the relief is treated as the same person as a company within the charge to corporation tax, the profits or losses of the company's accounting periods (calculated for corporation tax purposes, but without regard to capital allowances),or by reference to both.
- (4) If—
 - (a) a period of account does not coincide with a tax year, or
 - (b) an accounting period does not coincide with a tax year,

Status: Point in time view as at 10/06/2021. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Section 70. (See end of Document for details)

any of the steps in section 203(2) of ITTOIA 2005 may be taken to arrive at the profits or losses made in a tax year.

For this purpose references in section 203(2) of that Act to basis periods are read as references to tax years and references to periods of account are read as including accounting periods.

- (5) The steps must be taken in accordance with section 203(3) or (4) of ITTOIA 2005.
- (6) A loss in a trade is calculated without regard to capital allowances by ignoring—
- (a) the allowances treated as expenses of the trade under CAA 2001, and
 - (b) the charges treated as receipts of the trade under that Act.

Modifications etc. (not altering text)

- C1** Ss. 66-70 applied (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 6 para. 1\(11\)\(a\)](#)
- C2** [Ss. 66-70](#) applied (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), [Sch. 2 para. 3\(1\)\(a\)](#)
- C3** S. 70(2)(3)(a)(4)(a)(5) applied (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [ss. 51\(4\)](#), 1184(1) (with Sch. 2)

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