



# Income Tax Act 2007

## 2007 CHAPTER 3

### [<sup>F1</sup>PART 12A

#### SALE AND LEASE-BACK ETC

#### CHAPTER 1

#### PAYMENTS CONNECTED WITH TRANSFERRED LAND

#### *[<sup>F1</sup>Relief: restriction and carrying forward*

#### Textual Amendments

- F1** Pt. 12A inserted (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\), Sch. 4 para. 2](#) (with Sch. 9 paras. 1-9, 22)

#### **681AD Relevant income tax relief: deduction not to exceed commercial rent**

- (1) The rules in subsection (3) apply to the calculation of the deduction by way of relevant income tax relief allowed in a relevant period—
- (a) for the non-excluded element of the payment within section 681AA(1) or 681AB(1), or
  - (b) if there are two or more such payments, for the non-excluded elements of those payments.
- (2) For the purposes of this section—
- (a) in relation to a deduction within section 681AC(1)(a) “relevant period” means—
    - (i) a period of account of the trade, profession or vocation concerned, or

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*Status: Point in time view as at 01/04/2010.*

*Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Cross Heading: Relief: restriction and carrying forward. (See end of Document for details)*

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- (ii) if no accounts of the trade, profession or vocation are drawn up for a period, the basis period of a tax year,
  - (b) in relation to a deduction within section 681AC(1)(b) or (c) “relevant period” means—
    - (i) a period of account of the business or person concerned, or
    - (ii) if no accounts of the business are drawn up for a period or the person does not draw up accounts for a period, a tax year, and
  - (c) the non-excluded element of a payment is the element of the payment not excluded under section 681AI (service charges etc).
- (3) The rules are—
- Rule 1 — meaning of amount E* For any relevant period, amount E (which may be nil) is the expense or total expenses to be brought, in accordance with generally accepted accounting practice, into account in the period in respect of—
- (a) the non-excluded element of the payment, or
  - (b) the non-excluded elements of the payments.
- Rule 2 — calculations* For every relevant period—
- (a) calculate the total of amount E for the period and amount E for every previous relevant period ending on or after the date of the transfer mentioned in section 681AA(1)(a) or 681AB(1)(a),
  - (b) calculate the total of the deductions by way of relevant income tax relief for every previous relevant period ending on or after the date of that transfer, and
  - (c) subtract the total at (b) from the total at (a) to give the cumulative unrelieved expenses for the period.
- Rule 3 — meaning of post-spread period* A relevant period is a post-spread period if for that relevant period, and every later relevant period, there are no payments within section 681AA(1) or 681AB(1).
- Rule 4 — the deduction allowed in a relevant period* If a relevant period is not a post-spread period, the deduction allowed for the period is equal to the cumulative unrelieved expenses for the period, but is the commercial rent for the period if that is less (see section 681AJ or 681AK).
- Rule 5 — relevant periods in which no deduction allowed* If a relevant period is a post-spread period, no deduction is allowed for the period.]

**Status:**

Point in time view as at 01/04/2010.

**Changes to legislation:**

There are currently no known outstanding effects for the Income Tax Act 2007, Cross Heading:  
Relief: restriction and carrying forward.