



Income Tax Act 2007

2007 CHAPTER 3

PART 4

LOSS RELIEF

CHAPTER 4

LOSSES FROM PROPERTY BUSINESSES

Property loss relief against general income

123 Meaning of “the loss has a capital allowances connection” and “the business has a relevant agricultural connection”

- (1) This section applies for the purposes of sections 120 and 122.
- (2) The loss has a capital allowances connection if, in calculating the loss—
 - (a) the amount of the capital allowances treated as expenses of the business, exceeds
 - (b) the amount of any charges under CAA 2001 treated as receipts of the business.

[^{F1}(2A) But any allowance under Part 2A of CAA 2001 (structures and buildings allowances) is to be ignored for the purposes of subsection (2).]

- (3) The business has a relevant agricultural connection if—
 - (a) the business is carried on in relation to land that consists of or includes an agricultural estate, and
 - (b) allowable agricultural expenses deducted in calculating the loss are attributable to the estate.
- (4) “Agricultural estate” means land—
 - (a) which is managed as one estate, and

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for the Income Tax Act 2007, Section 123. (See end of Document for details)*

- (b) which consists of or includes land occupied wholly or mainly for purposes of husbandry.
- (5) “Allowable agricultural expenses”, in relation to an agricultural estate, means any expenses attributable to the estate which are deductible—
 - (a) in respect of maintenance, repairs, insurance or management of the estate, and
 - (b) otherwise than in respect of interest payable on a loan.
- (6) But expenses attributable to the parts of the estate used wholly for purposes other than those of husbandry are to be ignored.
- (7) And if parts of the estate are used both—
 - (a) for purposes of husbandry, and
 - (b) for other purposes,the expenses in respect of those parts are to be reduced so far as those parts are used for the other purposes.

Textual Amendments

- F1** [S. 123\(2A\)](#) inserted (5.7.2019) by [The Capital Allowances \(Structures and Buildings Allowances\) Regulations 2019 \(S.I. 2019/1087\)](#), regs. 1, 6

Changes to legislation:

There are currently no known outstanding effects for the Income Tax Act 2007, Section 123.