



# Income Tax Act 2007

## 2007 CHAPTER 3

### PART 13

#### TAX AVOIDANCE

### CHAPTER 5

#### AVOIDANCE INVOLVING TRADING LOSSES

##### *Individuals claiming relief for film-related trading losses*

#### **801 Meaning of “capital contribution”**

- (1) This section applies for the purposes of section 797.
- (2) The individual's capital contribution is the amount which the individual has contributed to the trade as capital less so much of that amount (if any) as is within subsection (6).  

This is subject to subsection (3).
- (3) If the individual has made a relevant claim for a film-related loss made in the trade as a partner in a firm, the individual's capital contribution is the amount which the individual has contributed to the firm as capital less so much of that amount (if any) as is within subsection (6).
- (4) In particular, the individual's share of any profits of the firm is to be included for the purposes of subsection (3) in the amount which the individual has contributed to the firm as capital so far as that share has been added to the firm's capital.
- (5) In subsection (4) the reference to profits are to profits calculated in accordance with generally accepted accounting practice (before any adjustment required or authorised by law in calculating profits for income tax purposes).
- (6) An amount of capital is within this subsection if it is an amount which—

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*Changes to legislation: There are currently no known outstanding effects  
for the Income Tax Act 2007, Section 801. (See end of Document for details)*

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- (a) the individual has previously drawn out or received back,
  - (b) the individual is entitled to draw out or receive back,
  - (c) another person has reimbursed to the individual, or
  - (d) the individual is entitled to require another person to reimburse to the individual.
- (7) But if a chargeable event occurs, anything treated for the purposes of section 797(5)(a) as consideration received by the individual for a relevant disposal is not to be treated as capital within subsection (6) in calculating the individual's capital contribution for the purposes of section 797(5)(b).
- (8) In this section—
- (a) any reference to drawing out, receiving back or reimbursing an amount is to doing so directly or indirectly,
  - (b) any reference to drawing out or receiving back an amount does not include drawing out or receiving back an amount which, because of its being drawn out or received back, is chargeable to income tax as profits of a trade, and
  - (c) any reference to reimbursing an amount includes discharging or assuming all or part of a liability of the individual,
- but the express provision made by paragraph (c) does not affect what counts as the receipt back or reimbursement of an amount.
- (9) This section needs to be read with any regulations made under section 802 (specified amounts to be excluded in calculating a partner's capital contribution for the purposes of section 797).

**Changes to legislation:**

There are currently no known outstanding effects for the Income Tax Act 2007, Section 801.