Income Tax Act 2007

2007 CHAPTER 3

PART 4

LOSS RELIEF

CHAPTER 2

TRADE LOSSES

Post-cessation trade relief

96 Post-cessation trade relief

(1) A person may make a claim for post-cessation trade relief if, after permanently ceasing to carry on a trade—

(a) the person makes a qualifying payment, or

(b) a qualifying event occurs in relation to a debt owed to the person,

and the payment is made, or the event occurs, within 7 years of that cessation.

(2) If the claim is made in respect of a payment, the claim is for the payment to be deducted in calculating the person's net income for the tax year in which the payment is made (see Step 2 of the calculation in section 23).

(3) If the claim is made in respect of an event, the claim is for the appropriate amount of the debt to be deducted in calculating the person's net income for the relevant tax year (see Step 2 of the calculation in section 23).

(4) The claim must be made on or before the first anniversary of the normal self-assessment filing date for the tax year for which the deduction is to be made.

(5) If—

(a) the person is a company within the charge to income tax under Chapter 2 of Part 2 of ITTOIA 2005 in respect of a trade, and

(b) the company ceases at any time to be within that tax charge in respect of the trade,

the company is treated for the purposes of this section as permanently ceasing to carry on the trade at that time.

(6) This section applies to professions and vocations as it applies to trades (and sections 97 and 98 are to be read accordingly).

(7) This section needs to be read with—

(a) section 97 (meaning of "qualifying payment"),

(b) section 98 (meaning of "qualifying event" etc),

[[F1](ba) section 98A (denial of relief for tax-generated payments or events),**]**

(c) section 99 (reduction of relief for unpaid trade expenses), and

(d) section 100 (prohibition against double counting).

Textual Amendments

F1 S. 96(7)(ba) inserted (17.7.2012) (with effect in accordance with s. 9(5) of the amending Act) by Finance Act 2012 (c. 14), **s. 9(2)**