

*These notes refer to the Corporation Tax Act 2010
(c.4) which received Royal Assent on 3 March 2010*

CORPORATION TAX ACT 2010

EXPLANATORY NOTES

INTRODUCTION

Part 4: Loss relief

Chapter 2: Trade losses

Section 48: Farming or market gardening

196. This section restricts, in certain cases, loss relief in respect of losses arising from a trade of farming or market gardening. It is based on section 397(2) to (8) of ICTA.
197. It is the first of a group of sections (sections 48 to 51) which deal with the potential restriction of losses where the losses arise in respect of a trade of farming or market gardening. It establishes the basic rule. None of these sections applies to trades other than farming or market gardening.
198. *Subsection (2)* sets out the circumstances in which loss relief is restricted. Broadly, this happens once losses have arisen for six successive years.
199. *Subsection (3)* sets out the exceptions to the restriction. *Subsection (3)(b)* provides that if the trade meets the “reasonable expectation of profit” test then the loss restriction does not apply.
200. Definitions of the terms “farming” and “market gardening” are to be found in section 1125.