

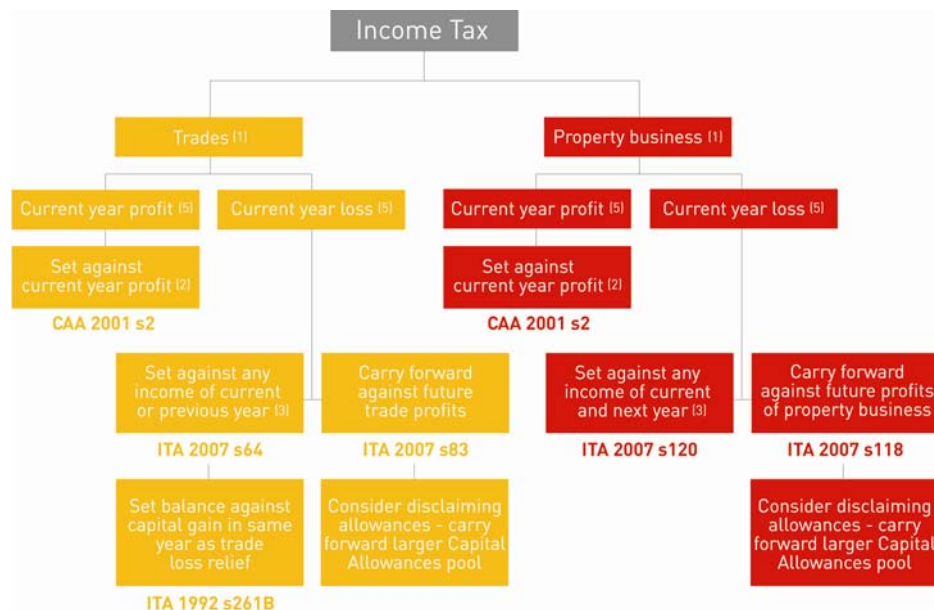
DATA SHEET UTILISATION OF CAPITAL ALLOWANCES

INCOME TAX

The various options for utilising Capital Allowances are illustrated by the adjacent chart. Factors to consider when deciding whether to make a full or partial Capital Allowances claim include the restricted relief for losses carried forward as compared to current year losses. For Corporation Tax, refer to chart below.

Notes:

- (1) Furnished holiday letting business treated as a trade - CAA 2001, s249.
- (2) Unutilised Capital Allowances can be used to create a loss as they are treated as an expense of the trade or property business - CAA 2001 s2.
- (3) The loss is restricted to the lower of (a) the actual loss, or (b) the net Capital Allowances - ITA 2007 s122.
- (4) The utilisation of losses derived from Partnership trades are further restricted by ITA 2007 s103C in certain circumstances to £25,000 against other income or capital gains.
- (5) Profits and losses of the trade or property business do not include capital gains or capital losses.
- (6) Special rules apply for carry-back of losses on commencement or cessation of the trade or property business.

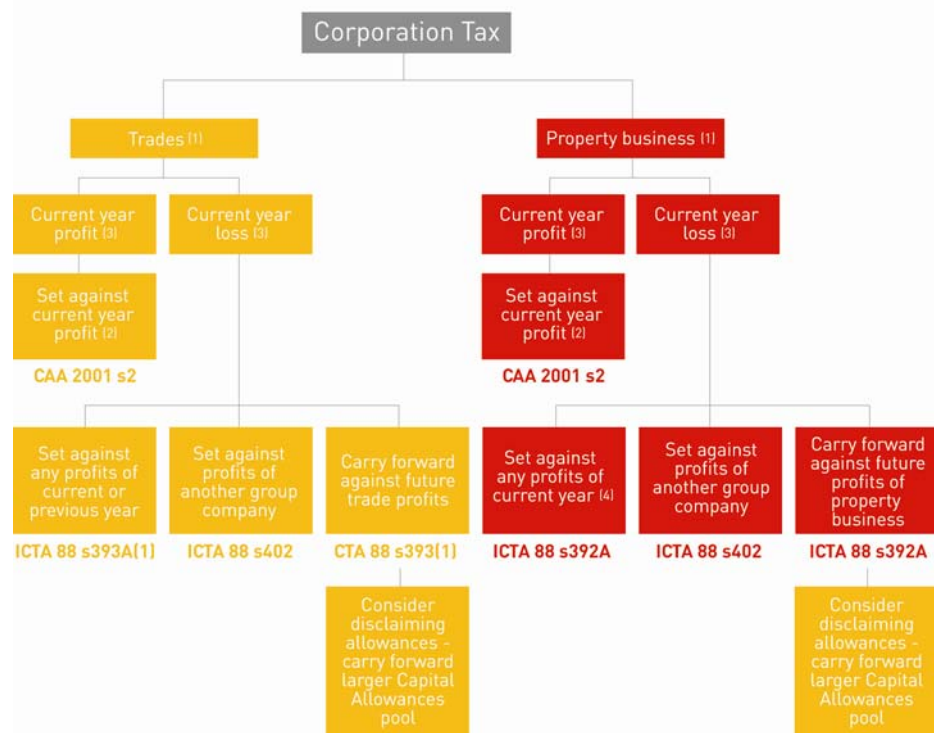


CORPORATION TAX

The various options for utilising Capital Allowances are illustrated by the adjacent chart. Factors to consider when deciding whether to make a full, or partial Capital Allowances claim include the restricted relief for losses carried forward, as compared to current year losses. For Income Tax, refer to chart above.

Notes:

- (1) Furnished holiday letting business treated as a trade - CAA 2001, s249.
- (2) Unutilised Capital Allowances can be used to create a loss as they are treated as an expense of the trade or property business - CAA 2001 s2.
- (3) Profits of the trade or property business include capital gains, but losses do not include capital losses.
- (4) Where the loss is in an overseas property business it can only be carried forward against future profits of the overseas property business - ICTA 88 s392B.



DATA SHEET

Global Construction Consultants

Cost Management | Project Management | Program Management | Banking Tax & Finance | Building Surveying | Design Project Management | Engineering Services | Health & Safety Services | Legal Support | Management Consulting | Mixed-use Masterplanning | Specification Consulting | Value Planning & Risk

www.davislangdon.com