

Chapter 11 – Ring-fencing of Assessed Losses

Ring-Fencing of Assessed Losses Arising from Certain Trades Conducted by Individuals This guide deals generally with the provisions relating to the ring-fencing of assessed losses arising from certain trades conducted by individuals. It provides individuals, whose income tax liability may be affected by the ring-fencing provisions, with a better understanding of what ring-fencing entails and enables them to determine how and to what extent the provisions may affect their income tax liability.

The ring-fencing provisions are applicable to a wide spectrum of trades conducted by individuals. It does not attempt to reflect on every scenario that could possibly exist, but does attempt to provide clarity on the majority of issues that are likely to arise in practice.

For one page summary of the topics below, [click here](#).

- [Important Definitions](#)
- [Background and the law](#)
- [Ring Fencing of assessed losses](#)
- [The Escape Clause](#)
- [Automatic ring-fencing: The end of the escape clause](#)
- [Multiple farming activities deemed to be a “single trade”](#)
- [Activities other than farming can also be regarded as “single trade”](#)
- [Other amounts to be included as “income” from the trade](#)
- [Reporting requirements](#)
- [Spouses married in community of property](#)
- [General Administrative provisions](#)
- [Checklist for the application of the ring-fencing provisions](#)

Articles on ring-fencing of assessed losses

- [Will ring-fencing put you out of pocket?](#)

Ring-Fencing of Assessed Losses Arising from Certain Trades Conducted by Companies

Section 11 of the Income Tax Act covers the general requirements to be met for deducting expenditure and losses to the extent that they are derived from carrying on any trade. Whether or not an activity is a trade is a question of law and depends on the facts and circumstances of each case. For more information, [click here](#).