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INCOME-TAX ACT, 2025

Chapter VII: SET OFF, OR CARRY FORWARD AND SET OFF OF LOSSES

Section 114 - Set off and carry forward of losses computed in respect of specified business.

(1) Any loss, computed in respect of a specified business, referred to in section 46, shall be set off only against profits and gains of another specified business.

(2) Where for any tax year, loss computed in respect of a specified business cannot be wholly set off under sub-section (1), so much of the loss not so set off or the whole loss, as the case may be, shall be carried forward to the following tax year and—

(i) be set off against the profits and gains, if any, of any specified business carried on by him for such tax year; and

(ii) if the loss cannot be wholly so set off, the amount of loss not so set off shall be carried forward to the following tax year and so on.

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