

*Changes to legislation:* There are currently no known outstanding effects  
for the Finance Act 1995, Paragraph 3. (See end of Document for details)

## SCHEDULES

### SCHEDULE 22

#### PREVENTION OF EXPLOITATION OF <sup>F1</sup>SCHEDULE 2 TO ITTOIA 2005 (SO FAR AS RELATING TO OVERLAP PROFIT) ]

##### Textual Amendments

- F1** Words in Sch. 22 heading substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005](#) (c. 5), s. 883(1), [Sch. 1 para. 484\(12\)](#) (with [Sch. 2](#))

### PART I

#### CASES I AND II OF SCHEDULE D

##### *Increase of profits or gains of transitional overlap period*

- 3 (1) This paragraph applies where, in the case of a trade, profession or vocation carried on by any person—
- (a) <sup>F1</sup>paragraph 52 of Schedule 2 to the Income Tax (Trading and Other Income) Act 2005 (“ITTOIA 2005”) applies; and
  - (b) any amount which is included in the transitional overlap profit would not have been so included if—
    - (i) any relevant change made by that person had not been made; or
    - (ii) any relevant transaction entered into by that person had not been entered into.
- (2) Subject to sub-paragraph (3) below, <sup>F2</sup>paragraph 52 of that Schedule] shall have effect as if the reference to the transitional overlap profit were a reference to the amount (if any) by which that profit exceeds 1.25 times the aggregate of the amounts falling within sub-paragraph (1)(b) above.
- (3) Sub-paragraph (3) of paragraph 1 above shall apply for the purposes of this paragraph as it applies for the purposes of that paragraph but subject to the following modifications, namely—
- (a) the reference to the aggregate of the amounts mentioned in the said paragraph 2(2) shall have effect as a reference to the transitional overlap profit; and
  - (b) the reference to the appropriate percentage of the turnover for the transitional period shall have effect as a reference to the appropriate percentage of the turnover for the transitional overlap period.
- (4) In this paragraph—

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“the appropriate percentage” means the following expressed as a percentage, that is, 365 divided by the number of days in the transitional overlap period;

“the transitional overlap period” means the period beginning immediately after the end of—

- (a) the basis period for the year 1996-97 [<sup>F3</sup>(determined in accordance with paragraph 1 of Schedule 20 to the Finance Act 1994 despite the repeal by ITTOIA 2005 of that paragraph)]; or
- (b) in the case of a trade or profession carried on by any person in partnership with other persons, the basis period of the partnership for that year [<sup>F3</sup>(as so determined)],

and (in either case) ending with 5th April 1997;

“the transitional overlap profit” means the amount mentioned in [<sup>F4</sup>paragraph 52(2) of Schedule 2 to ITTOIA 2005].

#### Textual Amendments

- F1** Words in Sch. 22 para. 3(1)(a) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(3\)\(a\)](#) (with Sch. 2)
- F2** Words in Sch. 22 para. 3(2) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(3\)\(b\)](#) (with Sch. 2)
- F3** Words in Sch. 22 para. 3(4) inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(3\)\(c\)](#) (with Sch. 2)
- F4** Words in Sch. 22 para. 3(4) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 484\(3\)\(d\)](#) (with Sch. 2)

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