

SCHEDULES

SCHEDULE 22

PREVENTION OF EXPLOITATION OF SCHEDULE 20 TO FINANCE ACT 1994

PART II

CASES III, IV AND V OF SCHEDULE D

Increase of trade etc. profits or gains arising in transitional overlap period

- 7 (1) This paragraph applies where, in the case of any income derived by any person from the carrying on by him of a trade, profession or vocation—
- (a) paragraph 6(4) of Schedule 20 to the Finance Act 1994 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, the said paragraph 6(4) 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—
- “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; or
 - (b) in the case of any income derived by any person from the carrying on by him of a trade or profession in partnership with other persons, the basis period of the partnership for that year,
- and (in either case) ending with 5th April 1997;

***Status:** This is the original version (as it was originally enacted).*

“the transitional overlap profit” means the amount mentioned in the said paragraph 6(4).