

SCHEDULES

SCHEDULE 22

COMPUTATION OF PROFITS: ADJUSTMENT ON CHANGE OF BASIS

PART 4

SUPPLEMENTARY PROVISIONS

Application of provisions to partnerships

- 13 (1) In the case of a trade, profession or vocation carried on in partnership, the amount of any adjustment under this Schedule shall be computed—
- (a) for income tax purposes, as if the partnership were an individual resident in the United Kingdom, and
 - (b) for corporation tax purposes, as if the partnership were a company resident in the United Kingdom.
- (2) Subject to the following provisions of this paragraph—
- (a) each partner's share of any amount chargeable to tax under this Schedule shall be determined according to the profit-sharing arrangements for the twelve months ending immediately before the date on which the new basis was adopted; and
 - (b) any election under this Schedule must be made jointly by all the persons who have been members of the partnership in that twelve month period.
- (3) If paragraph 11 applies (spreading of adjustment charge in certain cases), then, subject to sub-paragraph (4) below, each partner's share of the amount chargeable in any tax year shall be determined—
- (a) for the first tax year, according to the profit-sharing arrangements for the twelve months ending immediately before the date on which the new basis was adopted, and
 - (b) for any subsequent tax year, according to the profit-sharing arrangements for the twelve months immediately preceding the anniversary in that year of that date.
- (4) If paragraph 11(5) applies (effect of discontinuance of profession), then—
- (a) each partner's share of any amount chargeable on or after the discontinuance is determined as follows—
 - (i) if the discontinuance occurs on the date on which the new basis was adopted, according to the profit-sharing arrangements for the twelve months ending immediately before that date;
 - (ii) if the discontinuance occurs after that date but before the first anniversary of that date, according to the profit-sharing

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- arrangements for the period between that date and the date of discontinuance;
- (iii) if the discontinuance occurs after the first anniversary of the date on which the new basis was adopted, according to the profit-sharing arrangements for the period between the immediately preceding anniversary of that date and the date of discontinuance; and
- (b) any election under paragraph 12 after the discontinuance must be made by each former partner separately.
- (5) For the purposes of this paragraph—
- (a) “profit-sharing arrangements” means the rights of the partners to share in the profits of the trade, profession or vocation for the period in question; and
- (b) references to the date on which a new basis was adopted are to the first day of the first period of account for which the new basis was adopted.
- (6) The provisions of section 111 of the Taxes Act 1988 (general provisions as to taxation of partnerships), except subsection (1) (partnership not to be treated as separate entity), do not apply to the extent that the preceding provisions of this paragraph apply.

Liability of personal representatives in case of death of person chargeable

- 14 In the case of the death of a person who, if he had not died, would have been chargeable to tax under this Schedule on an amount representing part of an adjustment charge—
- (a) the tax which would have been so chargeable shall be assessed and charged on his personal representatives and shall be a debt due from and payable out of his estate, and
- (b) his personal representatives may make any election under this Schedule that he might have made.

Interpretation

- 15 In this Schedule—
- “adjustment charge” means a charge under Part 2 of this Schedule; and
- “tax year” means a year of assessment.