
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Cross Heading: Spreading of adjustment. (See end of Document for details)

SCHEDULES

SCHEDULE 15

ACCOUNTANCY CHANGE: SPREADING OF ADJUSTMENT

PART 2

CORPORATION TAX

Spreading of adjustment

- 10 (1) The adjustment shall be spread in accordance with the following rules.
- (2) In each of the first three accounting periods beginning with that in which the whole of the adjustment would otherwise be charged to tax, an amount equal to whichever is the less of—
- (a) one-third of the amount of the original adjustment, and
 - (b) one-sixth of the profits of the business for that period,
- is treated as arising and charged to tax.
- (3) In the fourth and fifth accounting periods, if the whole of the adjustment has not been charged to tax in the previous periods, an amount equal to whichever is the least of—
- (a) the amount remaining untaxed,
 - (b) one-third of the amount of the original adjustment, and
 - (c) one-sixth of the profits of the business for that period,
- is treated as arising and charged to tax.
- (4) In the sixth accounting period so much (if any) of the adjustment as has not previously been charged to tax is treated as arising and is charged to tax.
- (5) For the purposes of this paragraph “the profits of the business” means the profits of the business as calculated for corporation tax purposes leaving out of account—
- (a) any adjustment under [^{F1}Chapter 14 of Part 3 of or section 262 of CTA 2009], and
 - (b) any allowances or charges under CAA 2001.
- (6) This paragraph has effect subject to—
- (a) paragraph 11 (accounting periods of less than twelve months),
 - (b) paragraph 12 (effect of other events bringing accounting period to an end), and
 - (c) paragraph 13 (election to accelerate charge).

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Textual Amendments

- F1** Words in Sch. 15 para. 10(5)(a) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 1 para. 696(3)** (with Sch. 2 Pts. 1, 2)

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