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**Changes to legislation:** Finance (No. 2) Act 2017, Paragraph 57 is up to date with all changes known to be in force on or before 05 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

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## SCHEDULES

### SCHEDULE 2

#### TRADES AND PROPERTY BUSINESSES: CALCULATION OF PROFITS

#### PART 3

#### TRADES ETC: AMENDMENTS OF OTHER ACTS

#### CAA 2001

57 After section 462 insert—

#### “462A Persons leaving cash basis

- (1) This section applies if—
  - (a) a person carrying on a trade leaves the cash basis in a chargeable period,
  - (b) the person has incurred expenditure at a time when an election under section 25A of ITTOIA 2005 (cash basis for trades) has effect in relation to the trade,
  - (c) some or all of the expenditure was brought into account in calculating the profits of the trade on the cash basis, and
  - (d) the expenditure would have been qualifying expenditure if an election under section 25A of that Act had not had effect at the time the expenditure was incurred.
- (2) In this section the “relieved portion” of the expenditure is the higher of the following—
  - (a) the amount of that expenditure for which a deduction was allowed in calculating the profits of the trade, or
  - (b) the amount of that expenditure for which a deduction would have been so allowed if the expenditure had been incurred wholly and exclusively for the purposes of the trade.
- (3) For the purposes of determining the person's available qualifying expenditure in the pool for the trade for the chargeable period (see section 456)—
  - (a) the whole of the expenditure must be allocated to the pool for the trade in that chargeable period, and
  - (b) the available qualifying expenditure in that pool is reduced by the relieved portion of that expenditure.

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- (4) For the purposes of determining any disposal values (see section 462), the expenditure incurred by the person is to be regarded as qualifying expenditure.
- (5) For the purposes of this section a person carrying on a trade leaves the cash basis in a chargeable period if—
  - (a) immediately before the beginning of the chargeable period an election under section 25A of ITTOIA 2005 had effect in relation to the trade, and
  - (b) such an election does not have effect in relation to the trade for the chargeable period.”

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. A1 para. 8(6)(b) omitted by [2022 c. 3 Sch. 1 para. 32\(b\)](#)
- Sch. A1 para. 8(2) substituted by [2022 c. 3 Sch. 1 para. 32\(a\)](#)