



# Finance Act 2004

## 2004 CHAPTER 12

### PART 3

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER 2

#### CORPORATION TAX: GENERAL

#### *Accounting practice*

#### **50 Generally accepted accounting practice**

- (1) In the Tax Acts “generally accepted accounting practice” means—
  - (a) in relation to the affairs of a company or other entity that prepares accounts in accordance with international accounting standards (“IAS accounts”), generally accepted accounting practice with respect to such accounts;
  - (b) in any other case, UK generally accepted accounting practice.
- (2) In the Tax Acts “international accounting standards” means the international accounting standards, within the meaning of Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002 on the application of international accounting standards, adopted from time to time by the European Commission in accordance with that Regulation.
- (3) Where the European Commission has not adopted a particular international accounting standard, then as regards the matters covered by that standard—
  - (a) generally accepted accounting practice with respect to IAS accounts shall be regarded as permitting the use either of the unadopted standard or of UK generally accepted accounting practice, and
  - (b) accounts prepared on either basis shall be regarded for the purposes of the Tax Acts as prepared in accordance with international accounting standards.

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*Status: Point in time view as at 22/07/2004. This version of this provision has been superseded.*

*Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2004. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)*

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- (4) In the Tax Acts “UK generally accepted accounting practice”—
- (a) means generally accepted accounting practice with respect to accounts of UK companies (other than IAS accounts) that are intended to give a true and fair view, and
  - (b) has the same meaning in relation to—
    - (i) individuals,
    - (ii) entities other than companies, and
    - (iii) companies that are not UK companies,
 as it has in relation to UK companies.

In this subsection “UK companies” means companies incorporated or formed under the law of a part of the United Kingdom.

- (5) In section 832(1) of the Taxes Act 1988 (interpretation of the Tax Acts)—
- (a) in the definition of “generally accepted accounting practice” for “has the meaning given by section 836A” substitute “ has the meaning given by section 50(1) of the Finance Act 2004 ”;
  - (b) at the appropriate place insert—
    - ““international accounting standards” has the meaning given by section 50(2) of the Finance Act 2004;”;
    - and
    - ““UK generally accepted accounting practice” has the meaning given by section 50(4) of the Finance Act 2004;”.
- (6) This section has effect in relation to—
- (a) periods of account beginning on or after 1st January 2005, and
  - (b) in the case of a company required to prepare accounts under the Companies Act 1985 (c. 6) or the Companies (Northern Ireland) Order 1986 (S.I. 1986/1032 (N.I. 6)), any period of account beginning before that date for which the company is required or permitted to prepare such accounts in accordance with international accounting standards.

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