

*These notes refer to the Income Tax (Trading and Other Income)
Act 2005 (c.5) which received Royal Assent on 24 March 2005*

INCOME TAX (TRADING AND OTHER INCOME) ACT 2005

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 2: Trading income

Chapter 12: Trade profits: valuation of stock and work in progress

Section 185: Election for valuation at cost

754. This section allows an election for work in progress to be valued at cost. It is based on section 101(2) and (2A) of ICTA. If the election is made the profit element in closing work in progress is not assessed until payment is received. If the election is made, the later payment is treated as a post-cessation receipt.
755. This section does not specify that the election is to be made to “the inspector”. Section 878(4) of this Act draws attention to the rules in TMA, which apply for the purposes of this Act. Those rules require elections to be made to “an officer of the Board”.