



# Income Tax (Trading and Other Income) Act 2005

## 2005 CHAPTER 5

### PART 10

#### GENERAL PROVISIONS

#### CHAPTER 2

##### GENERAL CALCULATION RULES ETC.

##### *Apportionment of profits*

#### **871 Apportionment etc. of miscellaneous profits to tax year**

- (1) This section applies if—
  - (a) income is chargeable to income tax under or by virtue of any provision to which [<sup>F1</sup>section 1016 of ITA 2007] applies, and
  - (b) any period for which the accounts are drawn up (a “period of account”) does not coincide with a tax year.
- (2) For this purpose the reference to any provision to which [<sup>F2</sup>section 1016 of ITA 2007] applies is to be read as if [<sup>F3</sup>subsection (3)(a)] of that section were omitted (exclusion for relevant foreign income charged under this Act).
- (3) Any of the following steps may be taken if they are necessary in order to arrive at the profits or losses of the tax year—
  - (a) apportioning the profits or losses of a period of account to the parts of that period falling in different tax years, and
  - (b) adding the profits or losses of a period of account (or part of a period) to profits or losses of other periods of account (or parts).

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**Changes to legislation:** There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income Tax (Trading and Other Income) Act 2005. 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) View outstanding changes

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- (4) The steps must be taken by reference to the number of days in the periods concerned.
- (5) But the person to whom the profits or losses arise may use a different way of measuring the length of the periods concerned if—
- (a) it is reasonable to do so, and
  - (b) the way of measuring the length of periods is used consistently for the purpose of charging to income tax the income in question.

#### Textual Amendments

- F1** Words in s. 871(1)(a) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1027, 1034, **Sch. 1 para. 581(a)** (with transitional provisions and savings in Sch. 2)
- F2** Words in s. 871(2) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1027, 1034, **Sch. 1 para. 581(b)(i)** (with transitional provisions and savings in Sch. 2)
- F3** Words in s. 871(2) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1027, 1034, **Sch. 1 para. 581(b)(ii)** (with transitional provisions and savings in Sch. 2)

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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):

- s. 7A-7D inserted by [2022 c. 3 Sch. 1 para. 3](#)
- s. 24A and cross-heading inserted by [2024 c. 3 Sch. 10 para. 2](#)
- s. 25B inserted by [2024 c. 3 Sch. 10 para. 11](#)
- s. 25C inserted by [2024 c. 3 Sch. 10 para. 5](#)
- s. 31E(4) inserted by [2022 c. 3 Sch. 1 para. 7\(3\)](#)
- s. 649(1A)(1B) inserted by [2023 c. 30 Sch. 2 para. 11\(2\)](#)
- s. 679(3A) inserted by [2023 c. 30 Sch. 2 para. 11\(5\)\(b\)](#)
- s. 679A(3A) inserted by [2023 c. 30 Sch. 2 para. 11\(6\)\(b\)](#)
- s. 680(1A) inserted by [2023 c. 30 Sch. 2 para. 11\(7\)\(a\)](#)