

*These notes refer to the Corporation Tax Act 2009
(c.4) which received Royal Assent on 26 March 2009*

CORPORATION TAX ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 3: Trading income

Overview

Chapter 10: Trade profits: changes in trading stock

Overview

593. This Chapter rewrites the rules in Part 2 of Schedule 15 to FA 2008. The rules relate to the corporation tax consequences of taking stock from, or introducing stock to, a trade.

Section 156: Meaning of “trading stock”

594. This section provides a definition for the purposes of this Chapter. It is based on paragraph 5 of Schedule 15 to FA 2008. The corresponding income tax rule is in section 172A of ITTOIA (inserted by Part 1 of Schedule 15 to FA 2008).

595. *Subsection (2)* sets out the main difference between this definition and the one used in Chapter 11 of this Part.

Section 157: Trading stock appropriated by trader

596. This section sets out the rule for trading stock taken by a trader. It is based on paragraph 6 of Schedule 15 to FA 2008. The corresponding income tax rule is in section 172B of ITTOIA (inserted by Part 1 of Schedule 15 to FA 2008).

Section 158: Trading stock supplied by trader

597. This section sets out the rule for something that is supplied by a trader for use as trading stock. It is based on paragraph 7 of Schedule 15 to FA 2008. The corresponding income tax rule is in section 172C of ITTOIA (inserted by Part 1 of Schedule 15 to FA 2008).

Section 159: Disposals not made in the course of trade

598. This section sets out the rule for trading stock disposed of by a trader. It is based on paragraph 8 of Schedule 15 to FA 2008. The corresponding income tax rule is in section 172D of ITTOIA (inserted by Part 1 of Schedule 15 to FA 2008).

599. The rule in this section applies to non-trading disposals to a person other than the trader. If the stock is taken by the trader section 157 applies instead.

Section 160: Acquisitions not made in the course of trade

600. This section sets out the rule for trading stock acquired by a trader. It is based on paragraph 9 of Schedule 15 to FA 2008. The corresponding income tax rule is in section 172E of ITTOIA (inserted by Part 1 of Schedule 15 to FA 2008).

*These notes refer to the Corporation Tax Act 2009
(c.4) which received Royal Assent on 26 March 2009*

601. The rule in this section applies to non-trading acquisitions from a person other than the trader. If the stock is acquired from the trader section 158 applies instead.

Section 161: Transfer pricing rules to take precedence

602. This section gives priority to the transfer-pricing rules in Schedule 28AA to ICTA. It is based on paragraph 10 of Schedule 15 to FA 2008. The corresponding income tax rule is in section 172F of ITTOIA (inserted by Part 1 of Schedule 15 to FA 2008).
603. The rule in this section ensures that none of the exemptions in Schedule 28AA to ICTA can be overridden by an adjustment imposed by this Chapter of the Act.