

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

# **CORPORATION TAX ACT 2009**

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

#### **Part 3: Trading income**

##### **Overview**

#### **Chapter 11: Trade profits: valuation of stock on cessation of trade**

##### **Overview**

#### **Section 162: Valuation of trading stock on cessation**

605. This section sets out two general propositions. It is based on section 100 of ICTA. The corresponding rule for income tax is in section 173 of ITTOIA. The first proposition is that a valuation has to be made. The second is that the valuation has to be made in accordance with the rules in this Chapter.
606. *Subsection (3)* is the rule for trades carried on in partnership. The general rule in ICTA is that a change in the companies carrying on a trade is treated as the cessation of the trade. But, in the case of a trade carried on in partnership, section 114(1) of ICTA provides that there is a cessation for the purpose of calculating the profits of the firm's trade only if there is a complete change in the companies carrying on the trade.