



Corporation Tax Act 2009

2009 CHAPTER 4

PART 4

PROPERTY INCOME

CHAPTER 5

PROFITS OF PROPERTY BUSINESSES: OTHER RULES ABOUT RECEIPTS AND DEDUCTIONS

Adjustment on change of basis

261 Adjustment on change of basis

- (1) Section 262 applies if—
 - (a) a company carrying on a UK property business changes, from one period of account to the next, the basis on which profits of the business are calculated for corporation tax purposes,
 - (b) the old basis accorded with the law or practice applicable in relation to the period of account before the change, and
 - (c) the new basis accords with the law and practice applicable in relation to the period of account after the change.
- (2) The practice applicable in any case means the accepted practice in cases of that description as to how profits of a UK property business should be calculated for corporation tax purposes.
- (3) Subsections (3) to (6) of section 180 (what is meant by a company changing the basis on which profits are calculated) apply for the purposes of this section as they apply for the purposes of that section (but as if any reference to a trade were to a UK property business).

Status: Point in time view as at 17/07/2013.

Changes to legislation: Corporation Tax Act 2009, Cross Heading: Adjustment on change of basis is up to date with all changes known to be in force on or before 19 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

262 Giving effect to positive and negative adjustments

- (1) An amount by way of adjustment must be calculated in accordance with section 182, which applies in relation to a UK property business as it applies in relation to a trade.
- (2) If the amount produced by the calculation is positive—
 - (a) the amount is brought into account as a receipt in calculating the profits of the UK property business, and
 - (b) the receipt is treated as arising on the first day of the first period of account for which the new basis is adopted.
- (3) But if there is a change of basis resulting from a tax adjustment affecting the calculation of any amount brought into account in respect of depreciation, the receipt is treated as arising only when the asset to which it relates is realised or written off.
- (4) If the amount produced by the calculation is negative—
 - (a) a deduction is allowed for the amount as an expense of the UK property business in calculating the profits of that business, and
 - (b) the expense is treated as arising on the first day of the first period of account for which the new basis is adopted.
- (5) But if there is a change of basis resulting from a tax adjustment affecting the calculation of any amount brought into account in respect of depreciation, the expense is treated as arising only when the asset to which it relates is realised or written off.
- (6) This section is subject to section 183 (no adjustment for certain expenses previously brought into account) which applies in relation to a UK property business as it applies in relation to a trade.

Status:

Point in time view as at 17/07/2013.

Changes to legislation:

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