

Debts set off against profits and subsequently released. FA70 s24(1) and (2)(a) 87.—(1) Where, in computing for tax purposes the profits or gains of a trade or profession, a deduction has been allowed for any debt incurred for the purposes of the trade or profession, then, if the whole or any part of that debt is thereafter released, the amount released shall be treated as a receipt of the trade or profession arising in the period in which the release is effected.

(2) If in any case referred to in subsection (1) the trade or profession has been permanently discontinued at or after the end of the period for which the deduction was allowed and before the release was effected, or is treated for tax purposes as if it had been so discontinued, section 91 shall apply as if the amount released were a sum received after the discontinuance.