

Special basis on discontinuance of trade or profession. ITA67 s58(5) and (6); FA71 s3; FA90 s14(2); FA96 s132(2) and Sch5 PtII 67.—(1) (a) Where in any year of assessment a trade or profession is permanently discontinued, then, notwithstanding anything in the Income Tax Acts—

(i) the person charged or chargeable with income tax in respect of the trade or profession shall be charged for that year on the amount of the profits or gains of the period beginning on the 6th day of April in that year and ending on the date of the discontinuance, subject to any deduction or set-off to which such person may be entitled under section 382 and, if such person has been charged otherwise than in accordance with this paragraph, any tax overpaid shall be repaid, or an additional assessment may be made on such person, as the case may require;

(ii) if the profits or gains of the year ending on the 5th day of April in the year preceding the year of assessment in which the discontinuance occurs exceed the amount on which the person has been charged for that preceding year, or would have been charged if no such deduction or set-off to which such person may be entitled under section 382 had been allowed, an additional assessment may be made on such person, so that such person shall be charged for that preceding year on the amount of the profits or gains of the year ending on the 5th day of April in that preceding year, subject to any such deduction or set-off to which such person may be entitled.

(b) In the case of the death of a person who, if he or she had not died, would under this subsection have become chargeable to income tax for any year, the tax which would have been so chargeable shall be assessed and charged on such person's executors or administrators, and shall be a debt due from and payable out of such person's estate.

(2) The reference in subsection (1) to the discontinuance of a trade or profession shall be construed as referring to a discontinuance occurring by reason of the death while carrying on such trade or profession of the person carrying on the same, as well as to a discontinuance occurring in the lifetime of such person, and for the purposes of subsection (1) such death shall be deemed to cause a discontinuance and such discontinuance shall be deemed to take place on the day of such death.