

Meaning of basis period. ITA67 s297; CTA76 s21(1) and Sch1 par45; FA90 s22(1)(b); FA96 s132(1) and Sch5 Ptl par1(13) 306.—(1) In this Part, as it applies for income tax purposes, “basis period” has the meaning assigned to it by this section.

(2) (a) Subject to paragraph (b), in the case of a person to whom an allowance or on whom a charge is to be made under Case I of Schedule D in charging the profits or gains of the person's trade or under Case V of Schedule D in charging income arising from rents or receipts in respect of premises or easements, the person's basis period for any year of assessment shall be the period on the profits or gains of which income tax for that year is to be finally computed under Case I of Schedule D in respect of the trade in question or, as the case may be, under Case V of Schedule D in respect of the income arising from rents or receipts in respect of premises or easements or, where by virtue of the Income Tax Acts the profits or gains or income of any other period are to be taken to be the profits or gains or income of that period, that other period.

(b) In the case of any trade—

(i) where 2 basis periods overlap, the period common to both shall be deemed for the purpose of this subsection to fall in the first basis period only,

(ii) where there is an interval between the end of the basis period for one year of assessment and the basis period for the next year of assessment, then, unless the second-mentioned year of assessment is the year of the permanent discontinuance of the trade, the interval shall be deemed to be part of the second basis period, and

(iii) where there is an interval between the end of the basis period for the year of assessment preceding that in which the trade is permanently discontinued and the basis period for the year in which the permanent discontinuance occurs, the interval shall be deemed to form part of the first basis period.

(3) (a) Any reference in subsection (2)(b) to the overlapping of 2 periods shall be construed as including a reference to the coincidence of 2 periods or to the inclusion of one period in another, and references to the period common to both of 2 periods shall be construed accordingly.

(b) Any reference in subsection (2)(b) to the permanent discontinuance of a trade shall be construed as including a reference to the occurring of any event which under the Income Tax Acts is to be treated as equivalent to the permanent discontinuance of a trade.

(4) Where an allowance or charge is to be made under Chapter 2 of this Part to or on a person carrying on or holding a profession, employment or office, subsections (1) to (3) shall apply as if the references to a trade included references to a profession, employment or office and as if the references to Case I of Schedule D included references to Case II of Schedule D and Schedule E.

(5) In the case of any other person to whom an allowance or on whom a charge is to be made under this Part, that other person's basis period for any year of assessment shall be the year of assessment itself.