

Tax treatment of receipts and outgoings on sale of premises. FA69 s26(1) to (4) 106.—(1) Where by virtue of a contract for the sale of an estate or interest in premises there is to be apportioned between the parties a receipt or outgoing in respect of the estate or interest which becomes due after the making of the contract but before the time at which the apportionment is to be made, and a part of the receipt is therefore receivable by the vendor in trust for the purchaser or, as the case may be, a part of the outgoing is paid by the vendor as trustee for the purchaser, the purchaser shall be treated for the purposes of tax under Case V of Schedule D as if that part had become receivable or payable on the purchaser's behalf immediately after the time at which the apportionment is to be made.

(2) Where by virtue of such a contract there is to be apportioned between the parties a receipt or outgoing in respect of the estate or interest which became due before the making of the contract, the parties shall be treated for the purposes of tax under Case V of Schedule D as if the contract had been entered into before the receipt or outgoing became due, and subsection (1) shall apply accordingly.

(3) Where on the sale of an estate or interest in premises there is apportioned to the vendor a part of a receipt or outgoing in respect of the estate or interest which becomes receivable or is paid by the purchaser after the making of the apportionment, then, for the purposes of tax under Case V of Schedule D—

(a) when the receipt becomes due or, as the case may be, the outgoing is paid, the amount of the receipt or outgoing, as the case may be, shall be treated as reduced by so much of that amount as was apportioned to the vendor, and

(b) the part apportioned to the vendor shall be treated as if it were of the same nature as the receipt or outgoing and had become receivable, or had been paid, directly by the vendor and, where it is a part of an outgoing, had become due, immediately before the time at which the apportionment is made.

(4) Any reference in subsection (1) or (2) to a party to a contract shall include a person to whom the rights and obligations of that party under the contract have passed by assignment or otherwise.