

Special basis at commencement of trade or profession. ITA67 s58(2), (3) and (4); FA90 s14(1)(b) 66.—(1)  
Where a trade or profession has been set up and commenced within the year of assessment, the computation of the profits or gains chargeable under Case I or II of Schedule D shall be made either on the full amount of the profits or gains arising in the year of assessment or according to the average of such period, not being greater than one year, as the case may require and as may be directed by the inspector.

(2) Any person chargeable with income tax in respect of the profits or gains of any trade or profession which has been set up and commenced within one year preceding the year of assessment shall be charged on the full amount of the profits or gains for one year from the time of such setting up and commencement.

(3) Any person chargeable with income tax in respect of the profits or gains of any trade or profession which has been set up and commenced within the year next before the year preceding the year of assessment shall be entitled, on giving notice in writing to the inspector with the return required under section 951 for the year of assessment, to have the assessment reduced by the amount (if any) by which the amount of the assessment for the year preceding the year of assessment exceeds the full amount of the profits or gains of that preceding year; but, where the excess is greater than the amount of the assessment, the difference between the excess and the amount of the assessment shall be treated for the purposes of section 382 as if it were a loss sustained in a trade in that year of assessment.