

Receipts and losses accruing after change treated as discontinuance. FA70 s22 92.—(1) This section shall apply in any case where, as a result of a change in the persons engaged in carrying on a trade or profession, the trade or profession is treated for any of the purposes of the Tax Acts as if it had been permanently discontinued and a new trade or profession set up and commenced.

(2) (a) Sections 91 and 95 shall apply in the case of any such change as if the trade or profession had been permanently discontinued.

(b) Notwithstanding paragraph (a), where the right to receive any sums to which section 91 applies is or was transferred at the time of the change to the persons carrying on the trade or profession after the change, tax shall not be charged by virtue of that section, but any sums received by those persons by virtue of the transfer shall be treated for all purposes as receipts to be taken into the computation of profits or gains of the trade or profession in the period in which they are received.

(3) In computing for tax purposes the profits or gains of the trade or profession in any period after the change, there may be deducted a sum equal to any amount proved during that period to be irrecoverable in respect of any debts credited in computing for tax purposes the profits or gains for any period before the change (being debts the benefit of which was assigned to the persons carrying on the trade or profession after the change), in so far as the total amount proved to be irrecoverable in respect of those debts exceeds any deduction allowed in respect of them under section 81 (2)(i) in a computation for any period before the change.