

Valuation of work in progress at discontinuance of profession. FA70 s23(1) to (3) and (5); FA81 s9(d) 90.—(1) Where, in computing for any of the purposes of the Tax Acts the profits or gains of a profession which has been discontinued, a valuation is taken of the work of the profession in progress at the discontinuance, that work shall be valued as follows:

(a) if the work is transferred for money or any other valuable consideration to a person who carries on or intends to carry on a profession in the State, and the cost of the work may be deducted by that person as an expense in computing for any such purpose the profits or gains of that profession, the value of the work shall be taken to be the amount paid or other consideration given for the transfer;

(b) if the work is not to be valued under paragraph (a), its value shall be taken to be the amount which would have been paid for a transfer of the work on the date of the discontinuance as between parties at arm's length.

(2) Where a profession is discontinued and the person by whom it was carried on immediately before the discontinuance so elects, by notice in writing sent to the inspector at any time within 24 months after the discontinuance, the amount, if any, by which the value of the work in progress at the discontinuance (as ascertained under subsection (1)) exceeds the actual cost of the work shall not be taken into account in computing the profits or gains of the period immediately before the discontinuance, but the amount by which any sums received for the transfer of the work exceed the actual cost of the work shall be included in the sums chargeable to tax under section 91 as if it were a sum to which that section applies received after the discontinuance.

(3) Subsections (1) and (2) shall apply where a profession is treated for any of the purposes of the Tax Acts as permanently discontinued as they apply in the case of an actual discontinuance, but shall not apply in a case where a profession carried on by a single individual is discontinued by reason of such individual's death.

(4) References in this section to work in progress at the discontinuance of a profession shall be construed as references to—

(a) any services performed in the ordinary course of the profession, the performance of which was wholly or partly completed at the time of the discontinuance and for which it would be reasonable to expect that a charge would have been made on their completion if the profession had not been discontinued, and

(b) any article produced, and any such material as is used, in the performance of any such services,

and references in this section to the transfer of work in progress shall include references to the transfer of any benefits and rights which accrue, or might reasonably be expected to accrue, from the carrying out of the work.