

Deduction by reference to premium, etc. paid in computation of profits for purposes of Schedule D, Cases I and II. ITA67 s91; FA75 s22(3) and Sch 2 PtIII 102.—(1) In this section, “the relevant period” means—

(a) where the amount chargeable arose under section 98, the period treated in computing that amount as being the duration of the lease;

(b) where the amount chargeable arose under section 99, the period treated in computing that amount as being the duration of the lease remaining at the date of the assignment;

(c) where the amount chargeable arose under section 100, the period beginning with the sale and ending on the date fixed under the terms of the sale as the date of the reconveyance or grant, or, if that date is not so fixed, ending with the earliest date at which the reconveyance or grant could take place in accordance with the terms of the sale.

(2) Where in relation to any premises an amount (in this section referred to as “the amount chargeable”)—

(a) has become chargeable to tax under subsection (1), (2), (3), (4) or (5) of section 98 or under section 99 or 100, or

(b) would have become so chargeable but for section 103 (3) or any exemption from tax,

and during any part of the relevant period the premises are wholly or partly occupied by the person for the time being entitled to the lease, estate or interest as respects which the amount chargeable arose for the purposes of a trade or profession carried on by such person, such person shall be treated, for the purpose of computing the profits or gains of the trade or profession for assessment under Case I or II of Schedule D, as paying in respect of the premises rent for any part of the relevant period during which the premises are occupied by such person (in addition to any rent actually paid) of an amount which bears to the amount chargeable the same proportion as that part of the relevant period bears to the whole, and such rent shall be taken as accruing from day to day.

(3) Where the amount chargeable arose under section 98 (2) by reason of an obligation which included the incurring of expenditure in respect of which any allowance has been or will be made under Part 9, this section shall apply as if the obligation had not included the incurring of that expenditure and the amount chargeable had been calculated accordingly.

(4) Where the amount chargeable arose under section 100 and the reconveyance or grant in question takes place at a price different from that taken in calculating that amount or on a date different from that taken in determining the relevant period, subsections (1) to (3) shall be deemed to have applied (for all relevant years of assessment) as they would have applied if the actual price or date had been so taken and such adjustments of liability to tax shall be made, by means of additional assessment or otherwise, as may be necessary.