

Deduction by reference to premiums, etc. paid in computation of profits for purposes of this Chapter. ITA67 s92; FA69 s33(1) and Sch4 Ptl; FA75 s22 and Sch2 PtlII 103.—(1) In this section, “the relevant period” means, in relation to any amount—

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

(b) where the amount 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 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 has become or would have become chargeable to tax as mentioned in section 102 (2) by reference to a lease, estate or interest, the person for the time being entitled to that lease, estate or interest shall, subject to this section, be treated for the purposes of section 97 (2) as paying rent accruing from day to day in respect of the premises (in addition to any rent actually paid) during any part of the relevant period in relation to the amount for which such person is entitled to the lease, estate or interest and in all bearing to that amount the same proportion as that part of the relevant period bears to the whole.

(3) Where in relation to any premises an amount has become or would have become chargeable to tax as mentioned in section 102 (2), and by reference to a lease granted out of, or a disposition of, the lease, estate or interest by reference to which the amount (in this section referred to as “the prior chargeable amount”) so became or would have so become chargeable, a person would apart from this subsection be chargeable under section 98, 99 or 100 on any amount (in this section referred to as “the later chargeable amount”), the amount on which the person is so chargeable shall be the excess, if any, of the later chargeable amount over the appropriate fraction of the prior chargeable amount or, where the lease or disposition by reference to which the person would be so chargeable extends to a part only of that premises, the excess, if any, of the later chargeable amount over so much of the appropriate fraction of the prior chargeable amount as on a just apportionment is attributable to that part of the premises.

(4) (a) In a case in which subsection (3) operates to reduce the amount on which apart from that subsection a person would be chargeable by reference to a lease or disposition, subsection (2) shall apply for the relevant period in relation to the later chargeable amount only if the appropriate fraction of the prior chargeable amount exceeds the later chargeable amount and shall then apply as if the prior chargeable amount were reduced in the proportion which the excess bears to that appropriate fraction.

(b) Notwithstanding paragraph (a). where the lease or disposition extends to a part only of the premises mentioned in subsection (3), subsection (2) and this subsection shall be applied separately in relation to that part and to the remainder of the premises, but as if for any reference to the prior chargeable amount

there were substituted a reference to that amount proportionately adjusted.

(5) For the purposes of subsections (3) and (4), the appropriate fraction of the prior chargeable amount shall be the sum which bears to that amount the same proportion as the length of the relevant period in relation to the later chargeable amount bears to the length of the relevant period in relation to the prior chargeable amount.

(6) Where the prior chargeable amount 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 prior chargeable amount had been calculated accordingly

(7) Where the prior chargeable amount 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 in relation to that amount, subsections (1) to (6) 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.