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SCHEDULES

SCHEDULE 9

STOCK RELIEF

PART II

INCOME TAX

Top-slicing

- 6 (1) Where a trade has been carried on by a person for more than one year before the discontinuance or other event on which a charge under paragraph 4 above falls to be made on him, then his liability to tax for the year of assessment for which the charge is made shall, on a claim made by him within two years after the end of that year of assessment, be reduced in accordance with the following provisions of this paragraph.
- (2) The reduction is the amount of the difference between—
- (a) the tax on the whole amount on which the charge is made (the "chargeable amount"), calculated on the basis set out in sub-paragraph (4) below ; and
 - (b) the tax (if any) on the appropriate fraction of the chargeable amount, calculated on the same basis, and multiplied by the reciprocal of the appropriate fraction.
- (3) The " appropriate fraction " depends on the period for which the trade has been carried on before the discontinuance or other event and is—
- (a) one-half if the trade has been so carried on for more than one but less than two years ;
 - (b) one-third if it has been so carried on for two years or more.
- (4) The amounts of tax referred to in sub-paragraph (2) above are to be calculated on the following assumptions—
- (a) that the person's total income does not include any amount in respect of which he is chargeable to tax under section 80, 81 or 82 of the Taxes Act (premiums, etc. treated as rent), section 187 of that Act (payments on retirement or removal from office) or section 399(1)(a) of that Act (gains from life policies etc.);
 - (b) that deductions to be made in computing the tax are so far as possible set against sums other than the chargeable amount (or the fraction of it);
 - (c) that the chargeable amount (or fraction), after any deductions remaining to be made after applying paragraph (b) above, is the highest part of the person's total income (notwithstanding any other provisions of the Income Tax Acts directing any other income to be so treated).

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- (5) Where a claim under this paragraph for any year of assessment is made in respect of more than one trade, this paragraph applies to each chargeable amount individually as if there were only one charge in that year.
- (6) For the purposes of section 400 of, and paragraphs 3 and 4 of Schedule 3 to, the Taxes Act (other top-slicing provisions) a person's total income shall not be treated as including any amount as a result of a charge under paragraph 4.