

## SCHEDULES

### SCHEDULE 6

#### ADJUSTMENT ON CHANGE OF ACCOUNTING BASIS

##### *Application of provisions to partnerships*

- 6 (1) In the case of a trade, profession or vocation carried on in partnership, the amount of any adjustment under this Schedule shall be computed—
- (a) for income tax purposes, as if the partnership were an individual resident in the United Kingdom, and
  - (b) for corporation tax purposes, as if the partnership were a company resident in the United Kingdom.
- (2) Subject to the following provisions of this paragraph, each partner's share of any amount chargeable to tax under paragraph 2 shall be determined according to the profit-sharing arrangements for the twelve months ending immediately before the date on which the new accounting basis was adopted.
- (3) If paragraph 4 applies (spreading of adjustment charge in certain cases), then, subject to sub-paragraph (4) below—
- (a) each partner's share of the amount chargeable in any year of assessment shall be determined—
    - (i) for the first year of assessment, according to the profit-sharing arrangements for the twelve months ending immediately before the date on which the new accounting basis was adopted, and
    - (ii) for any subsequent year of assessment, according to the profit-sharing arrangements for the twelve months immediately preceding the anniversary in that year of that date; and
  - (b) any election under paragraph 5 (election for accelerated payment) in relation to a year of assessment must be made jointly by all the persons who have been members of the partnership in the relevant twelve month period.
- (4) If paragraph 4(6) applies (effect of discontinuance of profession or vocation), then—
- (a) each partner's share of any amount chargeable on or after the discontinuance is determined as follows—
    - (i) if the discontinuance occurs on the date on which the new accounting basis was adopted, according to the profit-sharing arrangements for the twelve months ending immediately before that date;
    - (ii) if the discontinuance occurs after that date but before the first anniversary of that date, according to the profit-sharing arrangements for the period between that date and the date of discontinuance;
    - (iii) if the discontinuance occurs after the first anniversary of the date on which the new accounting basis was adopted, according to the

---

*Status: This is the original version (as it was originally enacted).*

---

profit-sharing arrangements for the period between the immediately preceding anniversary of that date and the date of discontinuance; and

- (b) any election under paragraph 5 after the discontinuance must be made by each former partner separately.
- (5) For the purposes of this paragraph—
- (a) “profit-sharing arrangements” means the rights of the partners to share in the profits of the trade, profession or vocation for the period in question; and
  - (b) references to the date on which a new accounting basis was adopted are to the first day of the first period of account for which the new basis was adopted.
- (6) The provisions of section 111 of the Taxes Act 1988 (general provisions as to taxation of partnerships), except subsection (1) (partnership not to be treated as separate entity), do not apply to the extent that the preceding provisions of this paragraph apply.