



Finance Act 1998

1998 CHAPTER 36

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

INCOME TAX AND CORPORATION TAX

Computation of profits of trade, profession or vocation

42 Computation of profits of trade, profession or vocation.

- (1) For the purposes of Case I or II of Schedule D the profits of a trade, profession or vocation must be computed [^{F1}in accordance with generally accepted accounting practice], subject to any adjustment required or authorised by law in computing profits for those purposes.
- (2) This does not—
 - (a) require a person to comply with the requirements of the ^{M1}Companies Act 1985 or the ^{M2}Companies (Northern Ireland) Order 1986 except as to the basis of computation, or
 - (b) impose any requirements as to audit or disclosure.
- (3) This section applies to periods of account beginning after 6th April 1999.

A period of account beginning on or before 6th April 1999 which is still current on 7th April 2000 shall be treated for the purposes of this section as having ended on 6th April 1999 and a new period as having begun on 7th April 1999.
- (4) This section is subject to the exemption in section 43 below (barristers and advocates in early years of practice).

Status: Point in time view as at 24/07/2002. This version of this provision has been superseded.

Changes to legislation: Finance Act 1998, Section 42 is up to date with all changes known to be in force on or before 30 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (5) This section does not affect provisions of the Tax Acts relating to the computation of the profits of Lloyd's underwriters or companies carrying on life insurance, or otherwise laying down special rules for the computation of the profits of a particular description of business.

Textual Amendments

F1 Words in s. 42(1) substituted (24.7.2002) by [2002 c. 23, s. 103\(5\)](#)

Modifications etc. (not altering text)

C1 S. 42 excluded (24.7.2002 with application as mentioned in [s. 65\(1\)\(3\)\(4\)](#) of the amending Act) by [2002 c. 23, s. 65\(2\)\(b\)](#)

Marginal Citations

M1 [1985 c. 6.](#)

M2 [S.I. 1986/1032 \(N.I. 6\).](#)

Status:

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