



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 on an accounting basis which gives a true and fair view, 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 Companies Act 1985 or the 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Status: This is the original version (as it was originally enacted).

- (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.