



# Finance Act 2002

## 2002 CHAPTER 23

### PART 3

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER 2

#### OTHER PROVISIONS

#### *Miscellaneous*

#### **103 References to accounting practice and periods of account**

- (1) In section 832(1) of the Taxes Act 1988 (interpretation of the Tax Acts), at the appropriate places insert—

““generally accepted accounting practice” has the meaning given by section 836A;”;

““for accounting purposes” means for the purposes of accounts drawn up in accordance with generally accepted accounting practice;”;

““period of account”—

- (a) in relation to a person, means any period for which the person draws up accounts, and
- (b) in relation to a trade, profession, vocation or other business means any period for which accounts of the business are drawn up;”.

- (2) After section 836 of that Act insert—

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*Status: This is the original version (as it was originally enacted).*

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### **“836A Generally accepted accounting practice**

- (1) In the Tax Acts, unless the context otherwise requires, “generally accepted accounting practice”—
  - (a) means generally accepted accounting practice with respect to accounts of UK companies that are intended to give a true and fair view, and
  - (b) has the same meaning in relation to—
    - (i) individuals,
    - (ii) entities other than companies, and
    - (iii) companies that are not UK companies,
 as it has in relation to UK companies.
- (2) In subsection (1) “UK companies” means companies incorporated or formed under the law of a part of the United Kingdom.”.
- (3) In section 288(1) of the Taxation of Chargeable Gains Act 1992 (interpretation), at the appropriate place insert—
 

““period of account” has the meaning given by section 832(1) of the Taxes Act;”.
- (4) In the following provisions for “normal accounting practice” or “normal accountancy practice”, wherever occurring, substitute “generally accepted accounting practice”—
  - (a) in the Taxes Act 1988, sections 43A(1), 297(5B), 494AA(2), 798B(1) and 837A(2), and in Schedule 28B, paragraph 4(6B);
  - (b) in the Finance Act 1993 (c. 34), sections 93(2), 150(6)(c) and (11)(c), 154(11)(c), (12)(d), (13)(b), (13A)(d) and (13B)(d), 155(7), (11)(d) and (12)(b), 156(2)(e) and (4)(b) and 159(1)(b);
  - (c) in the Finance Act 1994 (c. 9), section 156(3)(a) and (4)(a);
  - (d) in the Finance Act 1996 (c. 8), sections 84(2)(b) and 85(2)(a), in Schedule 9, paragraph 14(1) and (2) and in Schedule 10, paragraph 1(3)(a) and (4);
  - (e) in the Finance Act 1997 (c. 16), in Schedule 12, paragraphs 1(1)(c) and (2)(a), 3(1) and (2), 4(5), 6(1)(a), 15(1)(c) and (2), 22, 28(5) and 30(1);
  - (f) in the Finance Act 2000 (c. 17), in Schedule 14, paragraph 22(4), in Schedule 15, paragraph 29(4), in Schedule 20, paragraphs 6(1), 10(1)(b) and (2)(b)(ii) and 25(1), and in Schedule 23, paragraphs 2(1), 3(1) and (3) and 5;
  - (g) in the Capital Allowances Act 2001 (c. 2), sections 179(1)(f), 219(1) and 437;
  - (h) in the Finance Act 2001 (c. 9), in Schedule 22, paragraphs 10(1)(b) and (2)(b)(ii).
- (5) In section 42(1) of the Finance Act 1998 (c. 36) (computation of profits of trade, profession or vocation), for “on an accounting basis which gives a true and fair view” substitute “in accordance with generally accepted accounting practice”.
- (6) The amendments made by subsections (1) to (3) above have effect for the purposes of provisions of this Act using the expressions mentioned (including provisions inserted by amendment in other enactments) whenever those provisions are expressed to have effect or to come, or to have come, into force.

This is without prejudice to the general effect of those amendments.