



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 2

TRADING INCOME

CHAPTER 18

POST-CESSATION RECEIPTS

Meaning of “post-cessation receipts”

246 Basic meaning of “post-cessation receipt”

- (1) In this Part “post-cessation receipt” means a sum—
 - (a) which is received after a person permanently ceases to carry on a trade, and
 - (b) which arises from the carrying on of the trade before the cessation.
- (2) For this purpose the reference to a person permanently ceasing to carry on a trade includes [^{F1}a reference to a company ceasing to be within the charge to corporation tax in respect of a trade.]
- (3) Subsection (4) applies if—
 - (a) a firm carries on a trade,
 - (b) a person ceases to be a partner in the firm, and
 - (c) the departure results in the partner permanently ceasing to carry on the notional trade (see section 852).
- (4) The partner is treated for the purposes of this Chapter as permanently ceasing to carry on the trade.

Status: Point in time view as at 21/07/2009.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Cross Heading: Meaning of “post-cessation receipts”. (See end of Document for details)

Textual Amendments

- F1** Words in s. 246(2) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 612** (with Sch. 2 Pts. 1, 2)

247 Other rules about what counts as post-cessation receipts

- (1) The following provisions treat certain amounts as post-cessation receipts for the purposes of this Part—
- section 82(6) (contributions to local enterprise organisations or urban regeneration companies),
 - section 104(3) (distribution of assets of mutual concerns),
 - section 109(2) (receipt by donor or connected person of benefit attributable to certain gifts),
 - section 185(1) (election for valuation at cost),
 - section 248 (debts paid after cessation),
 - section 249 (debts released after cessation), as qualified, where appropriate, by section 48(4) (car ^{F2}... hire),
 - section 250 (receipts relating to post-cessation expenditure),
 - section 251 (transfer of rights if transferee does not carry on trade), and
 - section 844 (income charged on withdrawal of relief after source ceases: unremittable income).
- (2) Section 98 (acquisition of trade: receipts from transferor's trade) and section 251 (transfer of rights if transferee does not carry on trade) treat certain amounts as not being post-cessation receipts for the purposes of this Part.

Textual Amendments

- F2** Words in s. 247(1) omitted (with effect in accordance with Sch. 11 paras. 65-67 of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 11 para. 40**

Status:

Point in time view as at 21/07/2009.

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Cross Heading: Meaning of “post-cessation receipts”.