



# Income Tax (Trading and Other Income) Act 2005

## 2005 CHAPTER 5

### PART 2

#### TRADING INCOME

#### CHAPTER 12

##### TRADE PROFITS: VALUATION OF STOCK AND WORK IN PROGRESS [F1 ON CESSATION OF TRADE ]

##### *Valuation of trading stock*

#### **177 Sale basis of valuation: sale to connected person**

- (1) The value of trading stock is determined in accordance with this section if—
- (a) it is sold to a person who carries on, or intends to carry on, a trade<sup>F1</sup>, profession or vocation] in the United Kingdom and is entitled to deduct the cost of the stock as an expense in calculating the profits of that trade<sup>F1</sup>, profession or vocation] for income or corporation tax purposes,
  - (b) the buyer is connected with the seller, and
  - (c) no election is made under section 178 (election by connected persons).
- (2) The value is taken to be the amount which would have been realised if the sale had been between independent persons dealing at arm's length.

#### **Textual Amendments**

- F1** Words in s. 177(1)(a) inserted (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. 607** (with Sch. 2 Pts. 1, 2)

**Changes to legislation:**

There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 177.