



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 9

PARTNERSHIPS

Firms with trading income

853 Basis periods for partners' notional trades

- (1) The basis period of a partner's notional trade is determined by applying the rules in Chapter 15 of Part 2 as if—
- the trade were carried on by an individual, and
 - its accounts were drawn up to the same dates as the accounts of the actual trade.

This is subject to subsection (2).

- (2) If, on the assumption that the actual trade is carried on by an individual,—
- section 216 (change of accounting date in later tax year) would apply in relation to the actual trade, but
 - the basis period for the actual trade would be given by subsection (4) of that section (ineffective change of accounting date), because the conditions in section 217 (conditions for basis period to end with new accounting date) would not be met in relation to that trade,

the accounts of the actual trade are treated for the purposes of subsection (1) as drawn up to the old accounting date.

- (3) For the purposes of determining whether, on the assumption that the actual trade is carried on by an individual, the conditions in section 217 would be met in relation to that trade—

Status: This is the original version (as it was originally enacted).

- (a) a notice under section 217(2) must be given by one of the partners in the firm nominated by them for the purposes of this subsection, and
 - (b) any appeal under section 218(4) against a notice by the Inland Revenue must be made by a partner so nominated.
- (4) Section 207 (treatment of business start-up payments received in overlap period) applies as a result of this section in relation to a partner's notional trade so that—
- (a) the requirement in subsection (1)(a) of that section becomes a requirement that the partner's share of the firm's profits so far as attributable to a business start-up payment falls within two basis periods, and
 - (b) the reference in subsection (2) of that section to the payment is a reference to any part of the partner's share of the firm's profits which is so attributable.