
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Paragraph 1. (See end of Document for details)

SCHEDULES

SCHEDULE 15

ACCOUNTANCY CHANGE: SPREADING OF ADJUSTMENT

PART 1

INCOME TAX

Application of this Part of this Schedule

- 1 (1) This Part of this Schedule applies where—
- (a) there is a change of accounting approach from one period of account to the next in calculating the profits of a business for income tax purposes,
 - (b) the later period of account ends on or after 22nd June 2005 and the basis on which the profits for that period are calculated is in accordance with UKGAAP (including SSAP 9 and Application Note G as interpreted by UITF 40), and
 - (c) the earlier period of account ended before that date and the basis on which profits for that period were calculated was in accordance with UK GAAP (including SSAP 9 and Application Note G, but not as interpreted by UITF 40),
- and has effect in relation to any adjustment income under Chapter 17 of Part 2 of ITTIOIA 2005 attributable to the change of basis from that mentioned in paragraph (c) to that mentioned in paragraph (b).
- (2) In relation to a period for which accounts are drawn up in accordance with international accounting standards, the references in sub-paragraph (1) to requirements of UK GAAP shall be read as references to the corresponding requirements of international accounting standards.
- (3) In sub-paragraph (1)—
- “SSAP 9” means Statement of Standard Accounting Practice No.9 on Long-term contracts, issued by the Accounting Standards Board;
 - “Application Note G” means Application Note G to Financial Reporting Standard 5 issued by the Accounting Standards Board in November 2003;
 - “UITF 40” means Abstract No.40 on Revenue recognition and service contracts, issued by the Urgent Issues Task Force of the Accounting Standards Board on 10th March 2005.
- (4) Any reference in this Part of this Schedule to the date on which the change of accounting approach was adopted is to the first day of the first period of account for which it was adopted.

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- (5) To determine the amount of adjustment income attributable to the change of basis mentioned in the closing words of sub-paragraph (1), assume that there was no other change of accounting approach.

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