

SCHEDULES

SCHEDULE 4

CASH BASIS FOR SMALL BUSINESSES

PART 1

MAIN PROVISIONS

Rules restricting deductions

7 After section 32 insert—

“Cash basis accounting

32A Application of Chapter to the cash basis

- (1) The following sections do not apply in calculating the profits of a trade on the cash basis—
 - section 33 (capital expenditure),
 - section 35 (bad and doubtful debts),
 - sections 36 and 37 (unpaid remuneration),
 - section 43 (employee benefit contributions: profits calculated before end of 9 month period),
 - sections 48 to 50B (car hire).
- (2) For rules restricting deductions that apply only where profits are calculated on the cash basis, see the following—
 - section 33A (cash basis: capital expenditure),
 - section 51A (cash basis: interest payments on loans).”