
Changes to legislation: There are currently no known outstanding effects for the Finance Act 1946, Eighth Schedule. (See end of Document for details)

SCHEDULES

EIGHTH SCHEDULE

Section 38.

COMPUTATION OF LOSSES ON SALES OF STOCK

Modifications etc. (not altering text)

- C1** The text of Schs. 7–9 is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

- 1 For the purposes of the provisions of Part IV of this Act relating to relief for losses on sales of stock, there shall be deemed to be a claimable loss sustained in a trade or business on sales of stock effected during the sales period if and only if the total original cost or value, as defined in paragraph 2 of this Schedule, of the trading stock held for the purposes of the trade or business on the thirty-first day of December, nineteen hundred and forty-six, exceeds the total sum realised as defined in paragraph 3 Of this Schedule, and the amount of the claimable loss shall be an amount equal to the difference:
- Provided that where a sale of stock which is taken into account under the said paragraph 3 is also taken into account in computing the profits or loss for any accounting period falling partly before and partly after the end of the year nineteen hundred and forty-six, the amount of the claimable loss shall be calculated as if the total original cost or value were decreased or increased, as the case may be, by so much of any loss or profit on the sale as, by virtue of any apportionment under the proviso to subsection (1) of section fourteen of the Finance (No. 2) Act, 1939, affects the profits or loss for the part of the period falling before the end of the said year.
- 2 (1) There shall be ascertained—
- (a) the aggregate cost of all the trading stock held for the purposes of the trade or business on the thirty-first day of December, nineteen hundred and forty-six ; and
 - (b) the aggregate price which that stock would have fetched if sold in the open market on that day:
- Provided that any stock in a damaged condition on that day the cost of which exceeds the price which it would have fetched if sold in the open market on that day shall, in both cases, be left out of account.
- (2) There shall then be ascertained the aggregate price which all the stock mentioned in the proviso to sub-paragraph (1) of this paragraph would have fetched if sold as therein mentioned.
- (3) The lower of the two sums ascertained under sub-paragraph (1) of this paragraph plus the amount, if any, ascertained under sub-paragraph (2) of this paragraph is the amount referred to in paragraph (1) of this Schedule as the total original cost or value of the trading stock held for the purposes of the trade or business on the thirty-first day of December, nineteen hundred and forty-six.

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- 3 (1) There shall be ascertained in relation to all the trading stock of each particular class held for the purposes of the trade or business on the thirty-first day of December, nineteen hundred and forty-six, the sum realised by sales of trading stock of that class during the sales period:
Provided that—
- (a) where any stock is sold at a price lower than that which it would have fetched if sold in the open market, it shall be treated for the purposes of this sub-paragraph as if it had been sold at the price which it would have fetched if so sold ;
 - (b) where more stock of any particular class is sold in the sales period than was held for the purposes of the trade or business on the thirty-first day of December, nineteen hundred and forty-six, the earliest sales of stock of that class in the sales period shall be taken into account until the quantity of stock of that class sold during the sales period which is taken into account is equal to the quantity of stock of that class so held on the said thirty-first day of December ;
 - (c) where less stock of any particular class is sold during the sales period than was held for the purposes of the trade or business on the said thirty-first day of December, this paragraph shall have effect as if, on the last day of the sales period, a quantity of stock of that class equal in quantity to the difference had been sold at the price which it would have fetched if it had been sold in the open market on the said day ;
 - (d) sales of stock which has suffered damage since the said thirty-first day of December, and stock held for the purposes of the trade or business on the last day of the sales period which has suffered damage since the said thirty-first day of December shall be left out of account, and proviso (b) and proviso (c) to this sub-paragraph shall have effect accordingly.
- (2) References in this paragraph to trading stock of a particular class include all stock of that class in whatever stage of manufacture ; but the stock of any particular class held for the purposes of the trade or business on the said thirty-first day of December which was then in a damaged condition shall be treated as stock of a separate class, and references in this paragraph to trading stock of a particular class shall be construed accordingly.
- (3) Where the stock of a particular class held on the last day of the sales period is not all at the same stage of manufacture, and the case is one to which proviso (c) to sub-paragraph (1) of this paragraph applies, the stock which is to be treated under that proviso as sold on the last day of the sales period shall be the stock held on that day which is at the most advanced stage of manufacture.
- (4) Where the stock of any particular class sold or treated as sold which is taken into account for the purposes of this paragraph is not, as respects the stage of manufacture which it had reached when sold or treated as sold, identical with the stock of that class held for the purposes of the trade or business on the said thirty-first day of December—
- (a) there shall be ascertained or estimated, in relation to each sale of stock made or treated as made which is taken into account as aforesaid, the cost to the person carrying on the trade or business of bringing the corresponding stock held for the purposes of the trade or business on the said thirty-first day of December to the same stage of manufacture as the stock sold or treated as sold ;

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- (b) the amounts so ascertained or estimated shall be aggregated ; and
- (c) the sum realised or treated as realised by sales of stock of that class during the sales period, as ascertained under sub-paragraph (1) of this paragraph, shall be reduced so as to bear to the full amount thereof the same proportion that the original cost or value of the stock of that class bears to the said original cost or value increased by the aggregate amount arrived at under paragraph (b) of this sub-paragraph.

In this sub-paragraph, the expression “the original cost or value” means, in relation to stock of any class, the cost of the stock of that class held for the purposes of the trade or business on the said thirty-first day of December or the price which the stock of that class so held would have fetched if sold in the open market on that day, according as the amount ascertained under paragraph (a) of sub-paragraph (1) of paragraph 2 of this Schedule is lower than, or higher than, the amount ascertained under paragraph (b) of that sub-paragraph:

Provided that where the class of stock in question is stock which was in a damaged condition on the said thirty-first day of December, the original cost or value thereof shall be computed as aforesaid leaving out of account any of the stock the cost of which exceeds the price which it would have fetched if sold in the open market on the said day and the said price shall then be added to the original cost or value so computed as aforesaid and the total shall be taken to be the original cost or value of the stock of the class in question within the meaning of this sub-paragraph.

The reference in paragraph (a) of this sub-paragraph to the stock which corresponds to any stock sold or treated as sold during the sales period shall, in relation to the first sale, be construed as a reference to the same quantity of the stock held on the said thirty-first day of December, stock in the most advanced stage of manufacture being selected, and so on in relation to sales subsequently made or treated as made in the sales period.

- (5) The aggregate of the amounts ascertained under sub-paragraph (1) of this paragraph, reduced, if need be, in accordance with sub-paragraph (4) of this paragraph, is the amount referred to in paragraph 1 of this Schedule as the total sum realised.

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