
2 Profits of property businesses: late accounting date rules

- (1) Chapter 3 of Part 3 of ITTOIA 2005 (profits of property businesses: basic rules) is amended as follows.
- (2) In section 275 (apportionment etc of profits to tax year), in subsection (1), for “This section applies” substitute “This section and sections 275A to 275C apply”.
- (3) After section 275 insert –

“275A Late accounting date rules

- (1) Sections 275B and 275C contain rules for the purpose of avoiding the need to apportion profits or losses under section 275.
- (2) But the person carrying on the business may elect for those sections not to apply in relation to a tax year.
- (3) An election under this section must be made on or before the first anniversary of the normal self-assessment filing date for the tax year to which it relates.

275B Rule if trader starts to carry on trade after 31 March

- (1) This section applies if, in a tax year (“the relevant tax year”), the person carrying on the business –
 - (a) starts to carry it on after 31 March, and
 - (b) does not permanently cease to carry it on.
- (2) For the purposes of this Part –
 - (a) the profits or losses of the relevant tax year are treated as nil, and
 - (b) the actual profits or losses of the relevant tax year are treated as arising in the following tax year.

275C Rule if there is a late accounting date

- (1) This section applies if, in a tax year (“the relevant tax year”), the person carrying on the business –
 - (a) does not start to carry it on after 31 March,
 - (b) does not permanently cease to carry it on, and
 - (c) has an accounting date that is 31 March or 1, 2, 3 or 4 April.
- (2) For the purposes of this Part –
 - (a) the profits or losses of the period beginning with the day after the accounting date and ending with 5 April in the relevant tax year are treated as nil, and
 - (b) the actual profits or losses of that period are treated as arising in the following tax year.
- (3) In this section, “accounting date” in relation to a tax year means –
 - (a) the date in the tax year to which accounts are drawn up, or
 - (b) if there are two or more such dates, the latest of them.”
- (4) The amendments made by this section have effect for the tax year 2022-23 and subsequent tax years.