

*These notes refer to the Income Tax (Trading and Other Income)
Act 2005 (c.5) which received Royal Assent on 24 March 2005*

INCOME TAX (TRADING AND OTHER INCOME) ACT 2005

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 2: Trading income

Chapter 17: Adjustment income

Section 235: Cases where adjustment not required until assets realised or written off

957. This section is a timing rule for an adjustment which results from any of the three new rules in section 231. It is based on paragraph 7 of Schedule 22 to FA 2002.
958. These new rules are the ones mentioned in the commentary on section 231. The general timing rule is that any adjustment is made at the end of the first period of account on the new basis (see section 232(1) and section 233(1)). But any adjustment income for stock, work in progress or depreciation is charged when the asset is realised or written off.