

Status: Point in time view as at 01/04/2009.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005, SCHEDULE 4. (See end of Document for details)

SCHEDULES

SCHEDULE 4

Section 80

ACCOUNTING PRACTICE AND RELATED MATTERS

PART 1

BAD DEBTS AND RELATED MATTERS

ICTA

1 In section 74 of ICTA (general rules as to deductions not allowable), omit subsection (1)(j) and subsection (2) (bad debts and related matters).

^{F12}

Textual Amendments

F1 Sch. 4 paras. 2-5 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2Pts. 1, 2, 8 para. 63](#))

^{F13}

Textual Amendments

F1 Sch. 4 paras. 2-5 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2Pts. 1, 2, 8 para. 63](#))

^{F14}

Textual Amendments

F1 Sch. 4 paras. 2-5 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2Pts. 1, 2, 8 para. 63](#))

^{F15}

Textual Amendments

F1 Sch. 4 paras. 2-5 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2Pts. 1, 2, 8 para. 63](#))

6 ^{F2}

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Textual Amendments

F2 Sch. 4 para. 6 repealed (retrospectively) by Finance (No. 2) Act 2005 (c. 22), Sch. 6 para. 4(1)(6), Sch. 11 Pt. 2(6)

7 In section 799 of ICTA (double taxation relief: computation of underlying loss), in subsection (6)(b) after “bad debts” insert “, impairment losses”.

8 In section 834(1) of ICTA (interpretation of the Corporation Tax Acts), at the appropriate place insert—

““statutory insolvency arrangement” means—

- (a) a voluntary arrangement that has taken effect under or as a result of the Insolvency Act 1986, Schedule 4 or 5 to the Bankruptcy (Scotland) Act 1985 or the Insolvency (Northern Ireland) Order 1989,
- (b) a compromise or arrangement that has taken effect under section 425 of the Companies Act 1985 or Article 418 of the Companies (Northern Ireland) Order 1986, or
- (c) any arrangement or compromise of a kind corresponding to any of those mentioned in paragraph (a) or (b) above that has taken effect under or by virtue of the law of a country or territory outside the United Kingdom;”.

FA 1996

^{F3}9

Textual Amendments

F3 Sch. 4 para. 9 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2, 8 para. 63)

^{F4}10

Textual Amendments

F4 Sch. 4 para. 10 repealed (with effect in accordance with Sch. 6 para. 5(2) of the amending Act) by Finance (No. 2) Act 2005 (c. 22), Sch. 11 Pt. 2(6) Note 2

^{F5}11

Textual Amendments

F5 Sch. 4 paras. 11-13 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2, 8 para. 63)

^{F5}12

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Textual Amendments

F5 Sch. 4 paras. 11-13 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F513

Textual Amendments

F5 Sch. 4 paras. 11-13 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

14 Omit paragraph 6B of Schedule 9 to FA 1996 (impairment losses: companies becoming connected).

F615

Textual Amendments

F6 Sch. 4 paras. 15-17 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F616

Textual Amendments

F6 Sch. 4 paras. 15-17 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F617

Textual Amendments

F6 Sch. 4 paras. 15-17 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

FA 1997

18 (1) Schedule 12 to FA 1997 (leasing arrangements: finance leases and loans) is amended as follows.

(2) In paragraph 9(7) (relief for bad debts etc: cumulative accountancy rental excess), for the definition of “bad debt deduction” substitute—

““bad debt deduction”, in relation to a period of account, means the aggregate of any deductions falling to be made for accounting purposes for that period by way of impairment loss in respect of rents from the lease of the asset;”.

(3) In paragraph 10(7) (relief for bad debts etc: cumulative normal rental excess), for the definition of “bad debt deduction” substitute—

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““bad debt deduction”, in relation to a period of account, means the aggregate of any deductions falling to be made for accounting purposes for that period by way of impairment loss in respect of rents from the lease of the asset;”.

Schedule 26 to FA 2002

F719

Textual Amendments

- F7** Sch. 4 para. 19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2Pts. 1, 2, 8 para. 63](#))

Schedule 29 to FA 2002

F820

Textual Amendments

- F8** Sch. 4 para. 20 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2Pts. 1, 2, 8 para. 63](#))

PART 2

OTHER PROVISIONS CONNECTED WITH ACCOUNTING PRACTICE

ICTA

- 21 In section 43A of ICTA (rent factoring: meaning of “finance agreement”), in subsection (3) (reference to consolidated group accounts), omit paragraphs (a) and (b) and the word “and” preceding paragraph (a).

F922

Textual Amendments

- F9** Sch. 4 para. 22 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2Pts. 1, 2, 8 para. 63](#))

- 23 In section 501A of ICTA (supplementary charge in respect of ring-fence trades), in subsection (10) (reference to group accounts) for paragraph (b) substitute—
“(b) are drawn up in accordance with generally accepted accounting practice.”.
- 24 (1) Section 747A of ICTA (special rule requiring chargeable profits of controlled foreign companies to be computed in currency of accounts of company's first relevant accounting period) shall cease to have effect.

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(2) This amendment has effect in relation to accounting periods beginning on or after 16th March 2005.

25 Section 836A of ICTA (meaning of generally accepted accounting practice) shall cease to have effect.

FA 1996

F10²⁶

Textual Amendments

F10 Sch. 4 paras. 26-28 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F10²⁷

Textual Amendments

F10 Sch. 4 paras. 26-28 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F10²⁸

Textual Amendments

F10 Sch. 4 paras. 26-28 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F11²⁹

Textual Amendments

F11 Sch. 4 para. 29 repealed (20.7.2005) by Finance (No. 2) Act 2005 (c. 22), **Sch. 11 Pt. 2(6)**

F12³⁰

Textual Amendments

F12 Sch. 4 para. 30 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F13³¹

Textual Amendments

F13 Sch. 4 para. 31 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

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FA 1997

32 In Schedule 12 to FA 1997 (leasing arrangements: finance leases and loans), in paragraph 30(1) (interpretation) omit the definitions of “consolidated group accounts”, “group of companies” and “member” in relation to a group of companies.

CAA 2001

33 In section 219 of CAA 2001 (finance leases), in subsection (3) (reference to group accounts) for paragraph (b) substitute—
“(b) are drawn up in accordance with generally accepted accounting practice.”.

Schedule 26 to FA 2002

F1434

Textual Amendments
F14 Sch. 4 paras. 34-47 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F1435

Textual Amendments
F14 Sch. 4 paras. 34-47 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F1436

Textual Amendments
F14 Sch. 4 paras. 34-47 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F1437

Textual Amendments
F14 Sch. 4 paras. 34-47 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

Schedule 29 to FA 2002

F1438

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Textual Amendments

F14 Sch. 4 paras. 34-47 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F1439

Textual Amendments

F14 Sch. 4 paras. 34-47 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F1440

Textual Amendments

F14 Sch. 4 paras. 34-47 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F1441

Textual Amendments

F14 Sch. 4 paras. 34-47 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F1442

Textual Amendments

F14 Sch. 4 paras. 34-47 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F1443

Textual Amendments

F14 Sch. 4 paras. 34-47 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F1444

Textual Amendments

F14 Sch. 4 paras. 34-47 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F1445

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Textual Amendments

F14 Sch. 4 paras. 34-47 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F1446

Textual Amendments

F14 Sch. 4 paras. 34-47 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

F1447

Textual Amendments

F14 Sch. 4 paras. 34-47 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2Pts. 1, 2, 8 para. 63)

ITEPA 2003

48 In Schedule 5 to ITEPA 2003 (enterprise management incentives), in paragraph 59 (index of defined expressions), in the entry relating to the expression “generally accepted accounting practice”, for “section 836A of ICTA” substitute “section 50(1) of the Finance Act 2004”.

FA 2004

49 In section 50 of FA 2004 (generally accepted accounting practice), for subsections (2) and (3) substitute—

“(2) In the Tax Acts “international accounting standards” has the same meaning as in Regulation (EC) No 1606/2002 of the European Parliament and the Council of 19 July 2002 on the application of international accounting standards.

(3) Where the European Commission has in accordance with that Regulation adopted an international accounting standard with modifications, then as regards matters covered by that standard—

(a) generally accepted accounting practice with respect to IAS accounts shall be regarded as permitting the use of the standard either with or without the modifications, and

(b) accounts prepared on either basis shall be regarded for the purposes of the Tax Acts as prepared in accordance with international accounting standards.”.

50 In sections 50(6), 51(6), 52(3) and 54(2) of FA 2004 (periods of account in relation to which the sections have effect), omit paragraph (b) and the word “and” preceding it. This amendment shall be deemed always to have had effect.

51 In Part 4 of Schedule 10 to FA 2004 (amendments relating to foreign currency accounting), after paragraph 78 insert—

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“Transitional provision

- 79 Where a company carries forward to its first period of account beginning on or after 1st January 2005 an amount by way of—
- (a) management expenses brought forward under section 75 of the Taxes Act 1988,
 - (b) losses brought forward under section 392B or 393 of that Act, or
 - (c) non-trading deficits on loan relationships brought forward under section 83 of the Finance Act 1996,
- that amount shall be translated into sterling using the London closing exchange rate for the last day of the previous period of account.”.

Power to make certain regulations with limited retrospective effect

^{F15}52

Textual Amendments

F15 Sch. 4 para. 52 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 665, Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

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