

Finance Act 2016

2016 CHAPTER 24

PART 3

INCOME TAX AND CORPORATION TAX

Trade and property business profits

71 Trade and property business profits: money's worth

- (1) ITTOIA 2005 is amended in accordance with subsections (2) and (3).
- (2) In Chapter 3 of Part 2 (trade profits: basic rules), after section 28 insert—

"28A Money's worth

- (1) Subsection (2) applies—
 - (a) for the purpose of bringing into account an amount arising in respect of a transaction involving money's worth entered into in the course of a trade, and
 - (b) if an amount at least equal to the amount that would be brought into account under that subsection is not otherwise brought into account as a receipt in calculating the profits of a trade under a provision of this Part other than a provision mentioned in subsection (3).
- (2) For the purpose of calculating the profits of the trade, an amount equal to the value of the money's worth is brought into account as a receipt if, had the transaction involved money, an amount would have been brought into account as a receipt in respect of it.
- (3) But where another provision of this Part makes express provision for the bringing into account of an amount in respect of money's worth as a receipt in calculating the profits of a trade (however expressed), that other provision applies instead of subsection (2)."

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2016. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

(3) In Chapter 3 of Part 3 (profits of property businesses), in section 272 (application of trading income rules), in the Table in subsection (2), at the appropriate place insert—

"section 28A

money's worth".

- (4) CTA 2009 is amended in accordance with subsections (5) and (6).
- (5) In Chapter 3 of Part 3 (trade profits: basic rules), after section 49 insert—

"49A Money's worth

- (1) Subsection (2) applies—
 - (a) for the purpose of bringing into account an amount arising in respect of a transaction involving money's worth entered into in the course of a trade, and
 - (b) if an amount at least equal to the amount that would be brought into account under that subsection is not otherwise brought into account as a receipt in calculating the profits of a trade under a provision of this Part other than a provision mentioned in subsection (3).
- (2) For the purpose of calculating the profits of the trade, an amount equal to the value of the money's worth is brought into account as a receipt if, had the transaction involved money, an amount would have been brought into account as a receipt in respect of it.
- (3) But where another provision of this Part makes express provision for the bringing into account of an amount in respect of money's worth as a receipt in calculating the profits of a trade (however expressed), that other provision applies instead of subsection (2)."
- (6) In Chapter 3 of Part 4 (profits of property businesses), in section 210 (application of trading income rules), in the Table in subsection (2), at the appropriate place insert—

"section 49A

money's worth".

(7) The amendments made by this section have effect in relation to transactions entered into on or after 16 March 2016.

72 Replacement and alteration of tools

- (1) Omit the following provisions (replacement and alteration of trade tools)—
 - (a) section 68 of ITTOIA 2005 and the italic heading before that section, and
 - (b) section 68 of CTA 2009 and the italic heading before that section.
- (2) In consequence of subsection (1)(a), in ITTOIA 2005—
 - (a) in subsection (1) of section 56A (cash basis accounting), omit the entry relating to section 68, and
 - (b) in section 272 (profits of a property business: application of trading income rules), in subsection (2), omit the entry in the table relating to section 68.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2016. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (3) In consequence of subsection (1)(b), in section 210 of CTA 2009 (profits of a property business: application of trading income rules), in subsection (2), omit the entry in the table relating to section 68.
- (4) The amendments made by this section have effect in relation to expenditure incurred on or after the date in subsection (5).
- (5) The date is—
 - (a) for corporation tax purposes, 1 April 2016, and
 - (b) for income tax purposes, 6 April 2016.

Changes to legislation:

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2016. Any changes that have already been made by the team appear in the content and are referenced with annotations.

View outstanding changes

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 19 para. 12(5)(b) inserted by 2017 c. 32 Sch. 14 para. 49(2)(c)
- Sch. 19 para. 12(5)(a) word inserted by 2017 c. 32 Sch. 14 para. 49(2)(b)
- Sch. 19 para. 51(8)(b) words inserted by 2017 c. 32 Sch. 14 para. 48(2)
- Sch. 19 para. 53(1) words inserted by 2017 c. 32 Sch. 14 para. 48(4)(a)
- Sch. 19 para. 53(1) words inserted by 2017 c. 32 Sch. 14 para. 48(4)(b)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by 2017 c. 32
 Sch. 14 para. 49(2)(a)
- Sch. 19 para. 58(1) words substituted by 2017 c. 32 Sch. 14 para. 48(5)
- Sch. 20 para. 1(4)(e) inserted by 2021 c. 26 Sch. 27 para. 47(2)
- Sch. 20 para. 3(3)(d) and word inserted by 2021 c. 26 Sch. 27 para. 47(3)(b)
- Sch. 20 para. 5(5) inserted by 2021 c. 26 Sch. 27 para. 47(5)
- Sch. 22 para. 2(4B) inserted by 2021 c. 26 Sch. 27 para. 48(2)(c)
- Sch. 22 para. 3(4A) inserted by 2021 c. 26 Sch. 27 para. 48(3)