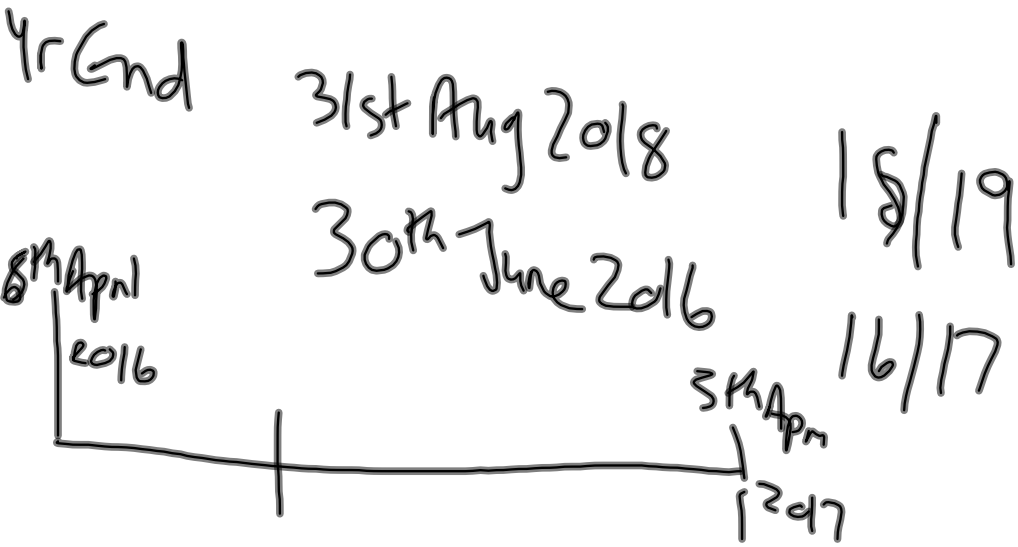


BASIS PERIODS

HMRC tax year

6th April → 5th April

Continuing Business

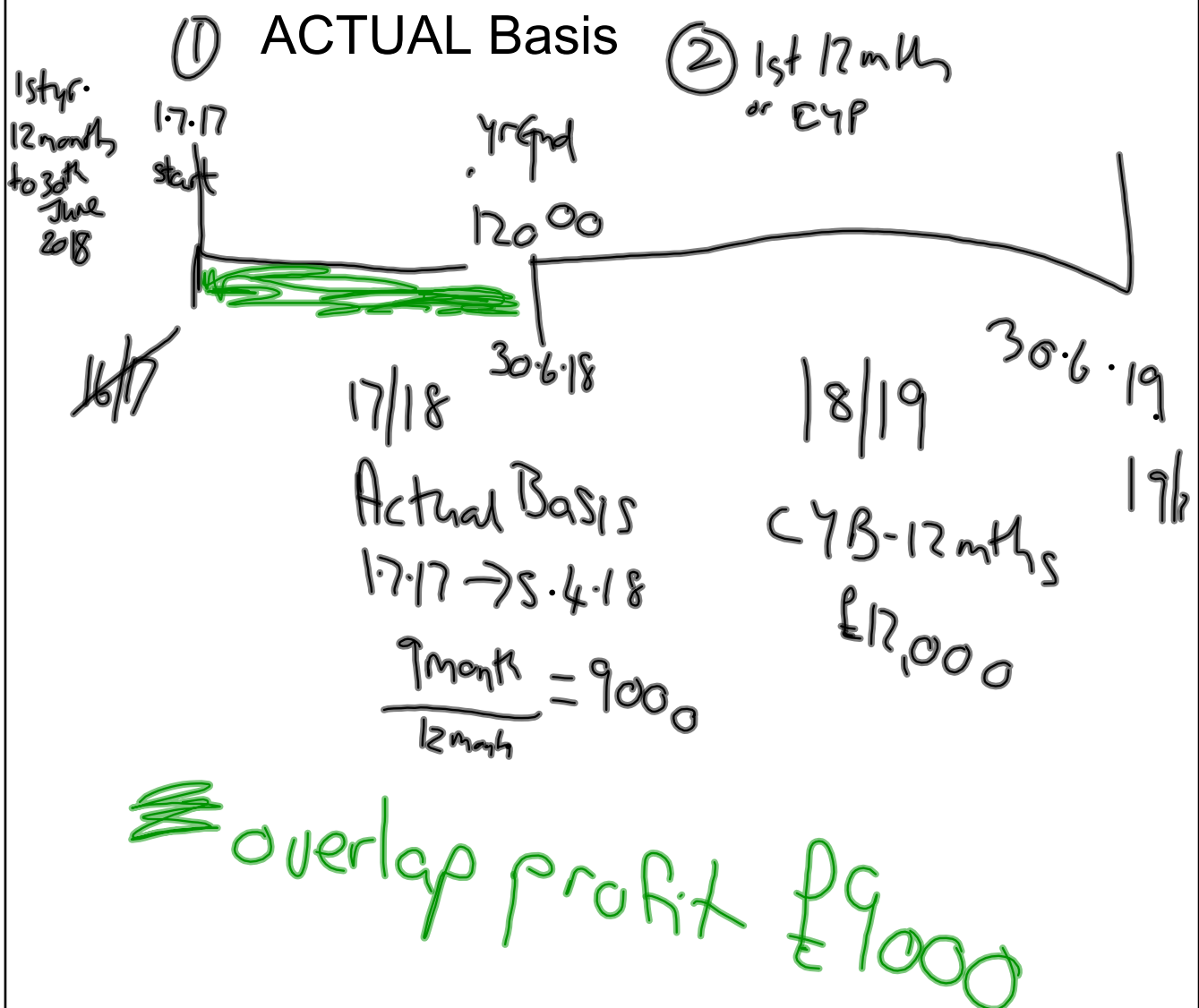


eg. year end 31.3.17? = 16/17

year end 31st August 2017 = 17/18

year end 30th April 2017 = 17/18

Opening Rules



Start 1.1.15

Accounts

6 months to	30.6.15	£30,000
Year to	30.6.16	£70,000
Year to	30.6.17	£82,000

1. Taxable Profit in all relevant tax years

2. Overlap profit

14/15 Actual Basis 1.1.15 - 5.4.15

$$\frac{3}{6} \times 30,000$$

15,000

15/16 1st 12 months

1.1.15 - 30.6.15

30,000

1.7.15 - 31.12.15

6/12 x 70,000

35,000

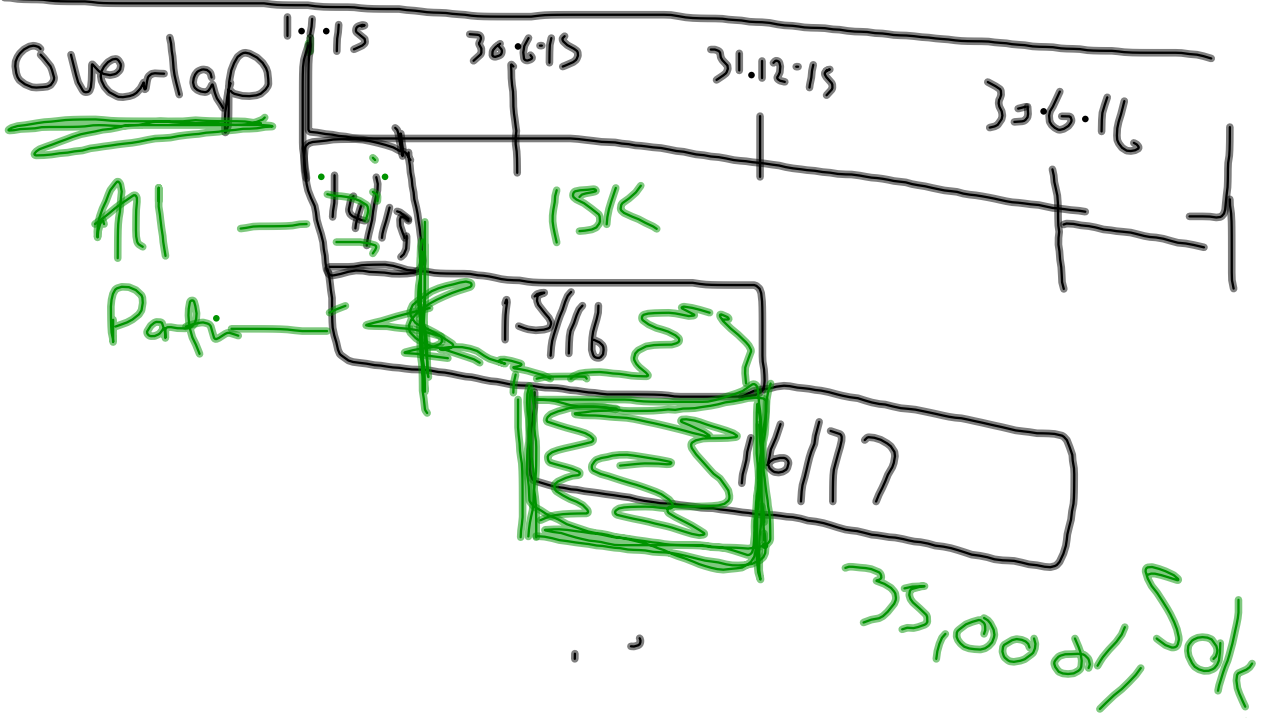
65,000

16/17 CYB to 30.6.16

70,000

17/18 CYB to 30.6.17

82,000



Start 1.5.16

18 months to 31.10.17 £36,000

Year to 31.10.18 £30,000

1. All relevant tax years
2. Overlap profit

16/17. Actual. 1.5.16 $\rightarrow$ 5.4.17

$$11/18 \times 36000 \quad 22000$$

17/18 12 months to 3.10.17

$$12/18 \times 36,000 \quad 24,000$$

18/19 CYB yend 31.10.18

$$30,000$$

Overlap Profit

1.11.16 $\rightarrow$ 5.4.17

$$5/18 \times 36000 = 10K$$

John. comencad 1.12.16

1st accountsto 31.5.18 £54,000

Year to 31.5.19 £48,000

16/17 Actual 1.12.16 - 5.4.17
 $\frac{4}{118} \times 54,000$ 12,000

17/18 Actual 6.4.17 - 5.4.18
 $\frac{12}{18} \times 54,000$ 36,000

18/19 12 months ending 31.5.18
 1.6.17 $\rightarrow$ 31.5.18
 $\frac{12}{18} \times 54,000$ 36,000

19/20 CYB 31.5.19 48,000



Closing Rules

CYB - penultimate year.

Actual Trading Profits from end of prev.
yr to closing date

- Deduct any overlap profit

Boris to 31st Jan each yr.

Stopped 31.5.2018

Yr to 31.1.18 47,000
4 mths to 31.5.18 8000

t/f
overlap
£6000

17/18 C4B to 31.1.18 47000

18/19 1.2.18 → 31.5.18 8000

overlap relief (6000)

2000

Basis Periods for Capital Allowances

Period of Account *

$\neq 12\text{mth}$

< 12mth
prorate
> 12.

Cash Accounting

Base all calculations on cash movement
* Choice of taxpayer.

Turnover < £150k.

→ Join T/o — £300k.

No capital allowances

Tax relief on capital payments

Cars. - Flat Rate mileage. 45p up to 10,000
25p over 10,000

Receipts
(including asset
Sales)

X

Expenses (including Ptn) (X)

X

Ex. 7 - ADIM

Starts 1.6.18 Selling Fruit

31.5.19 Sales 61,000 (including 14,000 not yet paid)

Closing Stock. 1800

Purchases/Expenses. 29,000 (2000 still owed out)

1.6.18 Equipment . 8000

1.10.18 Car (102g/km. 12000 40% P.U.
Motor expenses 300
10,000 miles.

Normal/Actual Basis	Cash Basis
Revenue. 61,000	57,000
29000 Closing Stock (1800) (27,200)	(27,000)
Motor. 3600 x 60% (2160)	450 x 1000 miles @ 60% (2700)
C.A's. 8000 AIA MPel. (1200 x 18% x 60%) (9296)	Equipment (8000)
22344	19300

Tax Adjusted Losses - Individuals

If loss Trading Profit = 0

Loss Relief? - Yes. not negative figure.

- ① (1/2) to future. - SAME TRADE
- ② offset against other income

③ - Capital Gain

④ Op yr - total income 3 prior years

⑤ Cessation - total income - 3 prior yrs

Albert.

Yr to	31.12.17	Loss	(5000)
	31.12.18	Profit	3000
	31.12.19.	Profit	10,000

17/18

Trading income. NIL.

18/19.	Trading income	3000
	loss relief	(3000)
	Trading Income	NIL

19/20

<u>Loss Relief Calc.</u>		- Loss Relief	10,000
31.12.17	£5000		(2000)
used 31.12.18	3000		
			8000

C/Fwd	- 2000
	2000
	NIL

④ Total Income (or, Rel.)

Charles:

31.12.17 32,000

31.12.18 25,000

31.12.19 (84,000)

Property income every year. £6000

	17/18	18/19	19/20
Trading Profit	32,000	25,000	NIL
Property income	<u>6000</u>	<u>6000</u>	<u>6000</u>
	38,000	31,000	6000
Loss Relief		(31,000)	
P. Allow.		Waste (11850)	
		<u>NIL.</u>	<u>NIL.</u>

Loss Relief Memorandum.

19/20. 84,000

31,000

cf final 53,000

18/19. Kathy

Net Gain's 144,000

Capital Loss b/f 4000

Trading Loss 24000

Capital Gain 44000

Trading Loss b/f (24,000)

b/f Capital 20,000

(4,000)

16,000

Annual Exp't.

(11,700)

4300

Loss in Open Years.

Actual Basis

Yr. 12 months
Yr. 1. 10,000

Yr 1 9/12 of 1/2
Yr 2 3/12 of 1/2

eg. Matthew

starts 1.8.17

10 months 31.5.18 (20,000)
Yr to 31.5.19

48,000

17/18 Actual 1.8.17 - 5.4.18
8/10 of 20,000

(16,000)

18/19. First 12 months 1.8.17 - 31.7.18

10 months (20,000)
2/12 of 48K = 8,000
already used

19/20 CYB. 31.5.19
4000

48,000

Terminal Loss Relief

Business Closure.

3 years LIFO basis.

- Actual Trade loss in final ^{tax} year.
- Actual Trade loss 12 months before ceasing

E.g. David

Stopped 31.5.19

Yr End 31.7.17

31.7.18

only to 31.5.19

28,000

6000

(20,000)

Overlap profit b/f. £5000

19/20 Basis Aclul. 5.4.19 - 31.3.19
2/10 (2000)

(4000)

18/19 1.6.18 - 5.4.19.

Overlap.

(5000)

2/12 x 6000
8/10 (2000)

1000
(16,000)

(15,000)

(15,000)
(24,000)