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(Brent South - Lab)

Amendment 73

Leave out '6(3)(a)' and insert '6(2)(a)

EXPLANATORY NOTE

SUMMARY

1. This amendment corrects an incorrect cross reference.

DETAILS

2. Clause 32(2) inserts paragraph 6A to Schedule 28AA ICTA 1988.
3. Paragraph 6A applies where trading stock (or work in progress) is transferred from one company to an associated person at less than an arm's length price, and a transfer pricing adjustment increases the profits of the transferor accordingly.
4. Subparagraph 6A(1) acts to ensure that the transferee will be able to deduct a corresponding amount from his own taxable profits in the first accounting period ending on or after that of the transferor in which the stock etc., transfer occurs.
5. It does this by altering the way the corresponding adjustment operates, the effect of which is set out in paragraph 6(2)(a), hence the cross reference to 6(3)(a) is incorrect.