



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART XV

SETTLEMENTS

[^{F1}CHAPTER ID

TRUST MANAGEMENT EXPENSES

[^{F1}689B Order in which expenses to be set against income.

- (1) The expenses of any trustees in any year of assessment, so far as they are properly chargeable to income (or would be so chargeable but for any express provisions of the trust), shall be treated—
 - (a) as set against so much (if any) of any income as is income falling within subsection (2) [^{F2}, (2A)] or (3) below before being set against other income; and
 - (b) as set against so much (if any) of any income as is income falling within subsection (2) [^{F3} or (2A)] below before being set against income falling within subsection (3) below; [^{F4} and
 - (c) as set against so much (if any) of any income as is income falling within subsection (2) below before being set against income falling within subsection (2A) below].
- (2) Income falls within this subsection if it is—
 - [^{F5}(a) so much of the income of the trustees as is income chargeable under Chapter 3 of Part 4 of ITTOIA 2005 (dividends etc. from UK resident companies etc.);
 - (b) income treated as arising to the trustees under Chapter 5 of that Part (stock dividends from UK resident companies); or
 - (c) income chargeable under Chapter 6 of that Part (release of loan to participator in close company).]

[^{F6}(2A) Income falls within this subsection if it is [^{F7}—

Status: Point in time view as at 06/04/2005. This version of this provision has been superseded.

Changes to legislation: Income and Corporation Taxes Act 1988, Section 689B is up to date with all changes known to be in force on or before 16 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (a) income chargeable under Chapter 4 of Part 4 of ITTOIA 2005 (dividends from non-UK resident companies); or
- (b) a relevant foreign distribution chargeable under Chapter 8 of Part 5 of that Act (income not otherwise charged).]]

[^{F8}(2B) In subsection (2A) “relevant foreign distribution” means any distribution of a company not resident in the United Kingdom which—

- (a) is not chargeable under Chapter 4 of Part 4 of ITTOIA 2005, but
- (b) would be chargeable under Chapter 3 of that Part if the company were resident in the United Kingdom.]

(3) Income falls within this subsection if it is income to which section 1A applies but which does not fall within subsection (2) [^{F9}or (2A)] above.

(4) This section has effect—

- (a) subject to sections 686(2A) and 689A, but
- (b) notwithstanding anything in section 1A(5) and (6).

Textual Amendments

- F1** Pt. 15 Ch. 1D (ss. 689A, 689B) inserted (with effect in accordance with Sch. 6 para. 28 of the amending Act) by Finance Act 1996 (c. 8), **Sch. 6 para. 16**
- F2** Words in s. 689B(1)(a) inserted (with effect in accordance with Sch. 4 para. 16(6) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), **Sch. 4 para. 16(2)(a)**
- F3** Words in s. 689B(1)(b) inserted (with effect in accordance with Sch. 4 para. 16(6) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), **Sch. 4 para. 16(2)(b)**
- F4** S. 689B(1)(c) and preceding word added (with effect in accordance with Sch. 4 para. 16(6) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), **Sch. 4 para. 16(2)(c)**
- F5** S. 689B(2)(a)–(c) substituted for s. 689(2)(za)–(c) (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 280(2)** (with Sch. 2)
- F6** S. 689B(2A) inserted (with effect in accordance with Sch. 4 para. 16(6) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), **Sch. 4 para. 16(4)**
- F7** S. 689B(2A)(a)(b) substituted for words in s. 689(2A) (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 280(3)** (with Sch. 2)
- F8** S. 689B(2B) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), **Sch. 1 para. 280(4)** (with Sch. 2)
- F9** Words in s. 689B(3) inserted (with effect in accordance with Sch. 4 para. 16(6) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), **Sch. 4 para. 16(5)**

Status:

Point in time view as at 06/04/2005. This version of this provision has been superseded.

Changes to legislation:

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