

*These notes refer to the Income Tax (Trading and Other Income)  
Act 2005 (c.5) which received Royal Assent on 24 March 2005*

# **INCOME TAX (TRADING AND OTHER INCOME) ACT 2005**

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## **EXPLANATORY NOTES**

### **THIS ACT - THE END OF THE SCHEDULES FOR INCOME TAX**

#### *Features of the Act*

19. The Act:
  - applies for income tax only;
  - brings the charging and calculation rules for the different sorts of income together in updated classifications, such as trading income, savings and investment income etc;
  - includes foreign income in the same Parts as equivalent United Kingdom income, confining any special rules that apply to foreign income to a different Part (Part 8); and uses the defined term “relevant foreign income” to ensure that the treatment of foreign income taxed under Schedule D Cases IV and V in the source legislation is maintained;
  - unpacks the Schedule D Case VI charge in the source legislation to provide separate provisions for the various specific charges (routed through Case VI in the source legislation) and a pure sweep-up provision for both United Kingdom and foreign income not otherwise charged to tax while preserving the Case VI loss relief regime; and
  - applies to all persons liable to income tax.
20. Not all the rules that impact upon the calculation of income are rewritten in this Act. For example, the rules in Part 17 of ICTA – Tax Avoidance – remain in ICTA for the time being.