



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 2

TRADING INCOME

CHAPTER 10

TRADE PROFITS: CERTAIN TELECOMMUNICATION RIGHTS

145 Professions and vocations

The provisions of this Chapter apply to professions and vocations as they apply to trades.

146 Meaning of “relevant telecommunication right”

In this Chapter a “relevant telecommunication right” means—

- (a) a licence granted under section 1 of the Wireless Telegraphy Act 1949 (c. 54) in accordance with regulations made under section 3 of the Wireless Telegraphy Act 1998 (c. 6) (bidding for licences),
- (b) an indefeasible right to use a telecommunications cable system, or
- (c) a right derived (directly or indirectly) from such a licence or indefeasible right.

147 Expenditure and receipts treated as revenue in nature

(1) This section applies if, in accordance with generally accepted accounting practice, an amount in respect of—

- (a) expenditure on the acquisition of a relevant telecommunication right, or
- (b) a receipt from the disposal of a relevant telecommunication right,

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Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Chapter 10. (See end of Document for details)

is recognised in the accounts of a trade as an item in the calculation of profit or loss.

- (2) The amount is treated for income tax purposes as an item of a revenue nature.
- (3) “The acquisition of a relevant telecommunication right” includes—
 - (a) the extension of rights attached to a relevant telecommunication right, and
 - (b) if a relevant telecommunication right is subject to a derivative right, the cancellation or restriction of rights attached to the derivative right.
- (4) “The disposal of a relevant telecommunication right” includes—
 - (a) the cancellation or restriction of rights attached to a relevant telecommunication right, and
 - (b) the granting of a derivative right or the extension of rights attached to a derivative right.

148 Credits or debits arising from revaluation

- (1) This section applies if, in accordance with generally accepted accounting practice, an amount in respect of the revaluation of a relevant telecommunication right is recognised in the accounts of a trade (whether or not as an item in the calculation of profit or loss).
- (2) The amount is treated for income tax purposes as an item of a revenue nature.
- (3) In calculating the profits of the trade, the amount is brought into account for the period of account in which it is recognised.

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