



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 2

TRADING INCOME

CHAPTER 4

TRADE PROFITS: RULES RESTRICTING DEDUCTIONS

Unpaid remuneration

36 Unpaid remuneration

- (1) This section applies if, in calculating the profits of a trade of a period of account—
 - (a) an amount is charged in the accounts for the period in respect of employees' remuneration, and
 - (b) a deduction for the remuneration would otherwise be allowable for the period.
- (2) No deduction is allowed for the remuneration for the period of account unless it is paid before the end of the period of 9 months immediately following the end of the period of account.
- (3) If the remuneration is paid after the end of that 9 month period, a deduction for it is allowed for the period of account in which it is paid.

37 Unpaid remuneration: supplementary

- (1) For the purposes of section 36 an amount charged in the accounts in respect of employees' remuneration includes an amount for which provision is made in the accounts with a view to its becoming employees' remuneration.

Status: Point in time view as at 13/08/2009.

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

- (2) For the purposes of section 36 it does not matter whether an amount is charged for—
- (a) particular employments, or
 - (b) employments generally.
- (3) If the profits of the trade are calculated before the end of the 9 month period mentioned in section 36(2)—
- (a) it must be assumed, in making the calculation, that any remuneration which is unpaid when the calculation is made will not be paid before the end of that period, but
 - (b) if the remuneration is subsequently paid before the end of that period, nothing in this subsection prevents the calculation being revised and any tax return being amended accordingly.
- (4) For the purposes of this section and section 36 remuneration is paid when it—
- (a) is treated as received by an employee for the purposes of ITEPA 2003 by section 18, 19, 31 or 32 of that Act (receipt of money and non-money earnings), or
 - (b) would be so treated if it were not exempt income.
- (5) In this section and section 36—
- “employee” includes an office-holder and “employment” therefore includes an office, and
 - “remuneration” means an amount which is or is treated as earnings for the purposes of ITEPA 2003.

Status:

Point in time view as at 13/08/2009.

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Cross Heading: Unpaid remuneration.