



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 2

TRADING INCOME

[^{F1}CHAPTER 6A

TRADE PROFITS: AMOUNTS NOT REFLECTING COMMERCIAL TRANSACTIONS

Textual Amendments

- F1** Pt. 2 Ch. 6A inserted (with effect in accordance with Sch. 4 paras. 56, 57 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 4 para. 23](#)

106A Professions and vocations

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

106B Application of Chapter

This Chapter applies in calculating the profits of a person's trade for a period on the cash basis.

106C Amounts not reflecting commercial transactions

- (1) This section applies if—
- the person does anything in relation to the trade (“the relevant act”),
 - there is a difference between—

Status: Point in time view as at 01/08/2014.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Chapter 6A. (See end of Document for details)

- (i) the amount (if any) that, as a result of the relevant act, would (apart from this section) be brought into account in calculating the profits of the trade for the period, and
 - (ii) the amount (if any) that would have been so brought into account had the relevant act consisted of a transaction between the person and another person dealing with each other at arm's length in the open market (“the arm's length amount”), and
 - (c) the profits of the trade for the period are less than they would have been if the arm's length amount had been so brought into account.
- (2) The amount to be brought into account in calculating the profits of the trade for the period is an amount that is just and reasonable in all the circumstances.

106D Capital receipts

Section 106C does not apply in relation to the relevant act if subsection (4) or (5) of section 96A (cash basis: capital receipts) applies in relation to that act.

106E Gifts to charities etc

Section 106C does not apply in relation to the relevant act if any of the provisions of Chapter 7 (trade profits: gifts to charities etc) applies in relation to that act.]

Status:

Point in time view as at 01/08/2014.

Changes to legislation:

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