



# Income Tax (Trading and Other Income) Act 2005

## 2005 CHAPTER 5

### PART 3

#### PROPERTY INCOME

#### CHAPTER 5

##### PROFITS OF PROPERTY BUSINESSES: OTHER RULES ABOUT RECEIPTS AND DEDUCTIONS

##### *Reverse premiums as receipts*

### **311 Reverse premiums**

- (1) This section applies if—
  - (a) a person receives a reverse premium, and
  - (b) the reverse premium is not brought into account under section 101(2) in calculating the profits of any trade carried on by the person.
- (2) The person is treated as—
  - (a) entering into a transaction mentioned in section 264 (if the land to which the property transaction relates is in the United Kingdom) or section 265 (if that land is outside the United Kingdom), and
  - (b) receiving the reverse premium as a result of that transaction.
- (3) Accordingly, the reverse premium is brought into account as a receipt in calculating the profits of the property business which consists of or includes that transaction.
- (4) Subsection (5) applies if—
  - (a) two or more of the parties to the property arrangements are connected persons, and

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**Status:** Point in time view as at 01/08/2014.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, Cross Heading: Reverse premiums as receipts. (See end of Document for details)

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- (b) the terms of those arrangements are not such as would reasonably have been expected if those persons had been dealing at arm's length.
- (5) The whole amount or value of the reverse premium is brought into account in the period of account in which the property transaction is entered into.
- (6) Expressions used in this section and sections 99 to 103 have the same meaning in this section as they do in those sections.

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There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Cross Heading: Reverse premiums as receipts.