



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 4

SAVINGS AND INVESTMENT INCOME

CHAPTER 1

INTRODUCTION

365 Overview of Part 4

- (1) This Part imposes charges to income tax under—
 - (a) Chapter 2 (interest),
 - [^{F1}(aa) Chapter 2A (disguised interest),]
 - (b) Chapter 3 (dividends etc. from UK resident companies etc.),
 - (c) Chapter 4 (dividends from non-UK resident companies),
 - (d) Chapter 5 (stock dividends from UK resident companies),
 - (e) Chapter 6 (release of loan to participator in close company),
 - (f) Chapter 7 (purchased life annuity payments),
 - (g) Chapter 8 (profits from deeply discounted securities),
 - (h) Chapter 9 (gains from contracts for life insurance etc.),
 - ^{F2}(i)
 - (j) Chapter 11 (transactions in deposits),
 - ^{F3}(k)
 - (l) Chapter 13 (sales of foreign dividend coupons).
- (2) Part 6 deals with exemptions from the charges under this Part.
- (3) See, in particular, any exemptions mentioned in the particular Chapters.

Status: Point in time view as at 06/04/2014.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Chapter 1. (See end of Document for details)

- (4) The charges under this Part apply to non-UK residents as well as UK residents but this is subject to section 368(2) (charges on non-UK residents only on UK source income).
- (5) This section needs to be read with the relevant priority rules (see sections 2 and 366).

Textual Amendments

- F1** S. 365(1)(aa) inserted (with effect in accordance with Sch. 12 para. 18(1) of the amending Act) by Finance Act 2013 (c. 29), **Sch. 12 para. 2(a)**
- F2** S. 365(1)(i) omitted (6.4.2014) by virtue of The Unauthorised Unit Trusts (Tax) Regulations 2013 (S.I. 2013/2819), regs. 1(3), **36(2)** (with reg. 32)
- F3** S. 365(1)(k) omitted (with effect in accordance with Sch. 12 para. 18(1) of the amending Act) by virtue of Finance Act 2013 (c. 29), **Sch. 12 para. 2(b)**

Modifications etc. (not altering text)

- C1** Ss. 353-368 modified (7.4.2005) by Finance Act 2005 (c. 7), **s. 51(2)**

366 Provisions which must be given priority over Part 4

- (1) Any income, so far as it falls within—
- (a) any Chapter of this Part, and
 - (b) Chapter 2 of Part 2 (receipts of a trade, profession or vocation),
- is dealt with under Part 2.
- (2) Any income, so far as it falls within—
- (a) any Chapter of this Part, and
 - (b) Chapter 3 of Part 3 so far as the Chapter relates to a UK property business,
- is dealt with under Part 3.
- (3) Any income, so far as it falls within—
- (a) any Chapter of this Part other than Chapter 3 or 6, and
 - (b) Part 2, 9 or 10 of ITEPA 2003 (employment income, pension income or social security income),
- is dealt with under the relevant Part of ITEPA 2003.
- (4) Nothing in this section prevents amounts both—
- (a) being counted as income for the purposes of Chapter 9 of this Part (gains from contracts for life insurance etc.), and
 - (b) being taken into account in calculating income, or counting as income, for the purposes of other Parts of this Act,
- but see section 527 (reduction for sums taken into account otherwise than under Chapter 9).

Modifications etc. (not altering text)

- C2** Ss. 353-368 modified (7.4.2005) by Finance Act 2005 (c. 7), **s. 51(2)**

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367 Priority between Chapters within Part 4

- (1) Any income, so far as it falls within Chapter 2 (interest) and Chapter 8 (profits from deeply discounted securities), is dealt with under Chapter 8.
- (2) Any income, so far as it falls within Chapter 3 (dividends etc. from UK resident companies etc.) and another Chapter, is dealt with under Chapter 3 (but this is subject to subsection (3)).
- (3) Any income, so far as it falls within—
 - (a) Chapter 2 (interest) as a result of section 372 (building society dividends) [^{F4}, 378A (offshore fund distributions)] or 379 (industrial and provident society payments), and
 - (b) Chapter 3 [^{F5} or Chapter 4 (or both)],
 is dealt with under Chapter 2.

Textual Amendments

F4 Words in s. 367(3)(a) inserted (with effect in accordance with s. 39(5) of the amending Act) by [Finance Act 2009 \(c. 10\), s. 39\(4\)\(a\)](#)

F5 Words in s. 367(3)(b) inserted (with effect in accordance with s. 39(5) of the amending Act) by [Finance Act 2009 \(c. 10\), s. 39\(4\)\(b\)](#)

Modifications etc. (not altering text)

C3 Ss. 353-368 modified (7.4.2005) by [Finance Act 2005 \(c. 7\), s. 51\(2\)](#)

368 Territorial scope of Part 4 charges

- (1) Income arising to a UK resident is chargeable to tax under this Part whether or not it is from a source in the United Kingdom.
- (2) Income arising to a non-UK resident is chargeable to tax under this Part only if it is from a source in the United Kingdom.
- [^{F6}(2A) If income arising to an individual who is UK resident arises in the overseas part of a split year, it is to be treated for the purposes of this section as arising to a non-UK resident.]
- (3) References in this section to income which is from a source in the United Kingdom include, in the case of any income which does not have a source, references to income which has a comparable connection to the United Kingdom.
- (4) This section is subject to any express or implied provision to the contrary in this Part (or elsewhere in the Income Tax Acts).

Textual Amendments

F6 S. 368(2A) inserted (with effect in accordance with Sch. 45 para. 153(2) of the amending Act) by [Finance Act 2013 \(c. 29\), Sch. 45 para. 83](#)

Modifications etc. (not altering text)

C4 Ss. 353-368 modified (7.4.2005) by [Finance Act 2005 \(c. 7\), s. 51\(2\)](#)

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[^{F7} 368A Interpretation of special rules for temporary non-residents

- (1) This section concerns provisions of this Part that are expressed to apply if an individual is “temporarily non-resident” (“TNR provisions”).
- (2) Part 4 of Schedule 45 to FA 2013 (statutory residence test: anti-avoidance) explains for the purposes of TNR provisions—
 - (a) when an individual is to be regarded as “temporarily non-resident”, and
 - (b) what the following terms mean—
 - (i) “the temporary period of non-residence”,
 - (ii) “the year of departure”, and
 - (iii) “the period of return”.
- (3) A reference in TNR provisions to “the year of return” is to the tax year consisting of or including the period of return.
- (4) Nothing in any double taxation relief arrangements is to be read as preventing the individual from being chargeable to income tax by virtue of any TNR provisions (or as preventing a charge to that tax from arising as a result).
- (5) In this section and in TNR provisions, “double taxation relief arrangements” means arrangements that have effect under section 2(1) of TIOPA 2010.]

Textual Amendments

- F7** S. 368A inserted (with effect in accordance with Sch. 45 para. 153(3) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 132](#)

Status:

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Changes to legislation:

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