



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 4

SAVINGS AND INVESTMENT INCOME

CHAPTER 12

DISPOSALS OF FUTURES AND OPTIONS INVOLVING GUARANTEED RETURNS

Charge to tax under Chapter 12

555 Charge to tax under Chapter 12

- (1) Income tax is charged on profits and gains from a disposal of a future or option that is a disposal involving guaranteed returns.
- (2) Those profits and gains are treated as income for income tax purposes even if they would otherwise be taken to be a capital item.

556 Income charged

- (1) Tax is charged under this Chapter on the full amount of profits or gains arising in the tax year.
- (2) The profits and gains from a disposal are taken to arise when the disposal occurs.

557 Person liable

The person liable for any tax charged under this Chapter is the person realising the profits or gains.

558 Meaning of “future”, “option” etc.

- (1) In this Chapter “future” means outstanding rights and obligations under a commodity or financial futures contract.
- (2) In this Chapter “option” means—
 - (a) an option relating to—
 - (i) currency, shares, stock, securities or an interest rate, or
 - (ii) rights under a commodity or financial futures contract, or
 - (b) any other option which at the time of the disposal in question is listed on a recognised stock exchange or recognised futures exchange,and includes any liability or entitlement under an option within paragraph (a) or (b).
- (3) In this Act “recognised futures exchange” means the London International Financial Futures Exchange and any other futures exchange which is for the time being designated for the purposes of TCGA 1992 by order made by the Board of Inland Revenue under section 288(6) of that Act.