



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 6

EXEMPT INCOME

CHAPTER 8

OTHER ANNUAL PAYMENTS

Certain annual payments by individuals

727 Certain annual payments by individuals

- (1) No liability to income tax arises under Part 5 in respect of an annual payment if it—
 - (a) is made by an individual, and
 - (b) arises in the United Kingdom.
- (2) Subsection (1) is subject to—
 - section 728 (commercial payments), and
 - section 729 (payments for non-taxable consideration).
- (3) Subsection (1) also applies to a payment made by an individual's personal representatives if—
 - (a) the individual would have been liable to make it, and
 - (b) that subsection would have applied if the individual had made it.
- (4) For the purposes of subsection (1) and section 728, “individual” includes a Scottish partnership if at least one partner is an individual.

Status: Point in time view as at 06/04/2005.

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

728 Commercial payments

A payment by an individual is not exempt from income tax under section 727(1) if it is made for commercial reasons in connection with the individual's trade, profession or vocation.

729 Payments for non-taxable consideration

- (1) A payment that meets condition A is only exempt from income tax under section 727(1) if condition B or C is met.
- (2) Condition A is that—
 - (a) the payment is made under a liability incurred at any time for consideration in money or money's worth, and
 - (b) some or all of the consideration is not required to be brought into account in calculating the payer's income for income tax purposes.
- (3) Condition B is that the payment is income within section 627(1) (payments on divorce or separation) in the recipient's hands.
- (4) Condition C is that the payment is made to an individual under a liability incurred at any time in consideration of the individual surrendering, assigning or releasing an interest in settled property to or in favour of a person with a subsequent interest.
- (5) In the application of subsection (4) to Scotland, the reference to settled property is to be read as a reference to property held in trust.

730 Foreign maintenance payments

- (1) No liability to income tax arises under Part 5 in respect of an annual payment if—
 - (a) it is a maintenance payment,
 - (b) it arises outside the United Kingdom, and
 - (c) had it arisen in the United Kingdom it would be exempt from income tax under section 727 (certain annual payments by individuals).
- (2) In subsection (1) “maintenance payment” means a periodical payment which meets conditions A and B.
- (3) Condition A is that the payment is made under a court order or a written or oral agreement.
- (4) Condition B is that the payment is made by a person—
 - (a) as one of the parties to a marriage to, or for the benefit of, and for the maintenance of, the other party,
 - (b) to any person under 21 for that person's own benefit, maintenance or education, or
 - (c) to any person for the benefit, maintenance or education of a person under 21.
- (5) In subsection (4) “marriage” includes a marriage that has been dissolved or annulled.
- (6) Subsection (1) also applies to a payment made by an individual's personal representatives if—
 - (a) the individual would have been liable to make it, and
 - (b) that subsection would have applied if the individual had made it.

Status:

Point in time view as at 06/04/2005.

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Cross Heading: Certain annual payments by individuals.