



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 7

INCOME CHARGED UNDER THIS ACT: RENT-A-ROOM AND ^[F1]QUALIFYING CARE] RELIEF

CHAPTER 2

^[F1]QUALIFYING CARE RELIEF]

Periods of account not ending on 5th April

820 Periods of account not ending on 5th April

^[F1](1) Sections 822 and 823 (which deal with the period of account of a trade not ending on 5th April) apply if—

- (a) an individual qualifies for ^[F2]qualifying care] relief for a tax year,
- (b) the individual's ^[F3]qualifying care] receipts for the tax year are the receipts of a trade, and
- (c) the period of account in which those receipts accrue does not end on 5th April in the tax year.

^[F4](2) Where ^[F5]the profits of the trade are required under [section 24A](#) to be calculated on the cash basis], any reference in this section or sections 821 to 823 to the period of account in which receipts accrue is to be read as a reference to the period of account in which receipts are received.]

Textual Amendments

F1 S. 820(1): s. 820 renumbered as s. 820(1) (with effect in accordance with Sch. 4 paras. 56, 57 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 4 para. 43\(a\)](#)

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Cross Heading: Periods of account not ending on 5th April. (See end of Document for details)

- F2** Words in s. 820(a) substituted (with effect in accordance with Sch. 1 para. 36 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), **Sch. 1 para. 21** (with [Sch. 1 para. 37](#))
- F3** Words in s. 820(b) substituted (with effect in accordance with Sch. 1 para. 36 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), **Sch. 1 para. 21** (with [Sch. 1 para. 37](#))
- F4** S. 820(2) inserted (with effect in accordance with Sch. 4 paras. 56, 57 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 4 para. 43(b)**
- F5** Words in s. 820(2) substituted (6.4.2024 for the tax year 2024-25 and subsequent tax years) by [Finance Act 2024 \(c. 3\)](#), **Sch. 10 paras. 34, 47** (with [Sch. 10 paras. 48-50](#))

821 Meaning of “relevant limit”

- (1) For the purposes of sections 822 and 823 the “relevant limit” for a period of account in which the individual's [^{F6}qualifying care] receipts accrue is found by adding—
 - (a) the fixed amount for the tax year in which that period ends or (as the case may be) the individual's share of the fixed amount for that year (found in accordance with sections 808 to 810), and
 - (b) for each of the tax years in which the period of account falls, each amount per [^{F7}adult or] child for the individual for each part of the period of account falling in that tax year.
- (2) For this purpose an individual's amount per [^{F8}adult or] child for a part of the period of account is each amount that would be the individual's amount per [^{F8}adult or] child under section 811 for the tax year in which the part falls if that part were the income period for that year.

Textual Amendments

- F6** Words in s. 821(1) substituted (16.12.2010) (with effect in accordance with Sch. 1 para. 36 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), **Sch. 1 para. 22(2)(a)** (with [Sch. 1 para. 37](#))
- F7** Words in s. 821(1)(b) inserted (16.12.2010) (with effect in accordance with Sch. 1 para. 36 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), **Sch. 1 para. 22(2)(b)** (with [Sch. 1 para. 37](#))
- F8** Words in s. 821(2) inserted (16.12.2010) (with effect in accordance with Sch. 1 para. 36 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), **Sch. 1 para. 22(3)** (with [Sch. 1 para. 37](#))

822 Full relief

- (1) This section applies if the individual's total [^{F9}qualifying care] receipts for the period of account do not exceed the individual's relevant limit for the period.
- (2) The profits or losses of the trade for the tax year are treated as nil.

Textual Amendments

- F9** Words in s. 822(1) substituted (16.12.2010) (with effect in accordance with Sch. 1 para. 36 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), **Sch. 1 para. 23** (with [Sch. 1 para. 37](#))

823 Alternative method of calculating profits

- (1) This section applies if—

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- (a) the individual's total [^{F10}qualifying care] receipts for the period of account exceed the individual's relevant limit for the period, and
 - (b) the individual makes an election under this section.
- (2) The profits of the trade for the tax year are—
- (a) the individual's total [^{F11}qualifying care] receipts for the period of account, less
 - (b) the individual's relevant limit for the period.
- (3) Sections 818(2) and (3) and 819 (adjustment of assessment) apply for the purposes of an election under this section as they apply for the purposes of an election under those sections.

Textual Amendments

- F10** Words in s. 823(1)(a) substituted (16.12.2010) (with effect in accordance with Sch. 1 para. 36 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 1 para. 24](#) (with [Sch. 1 para. 37](#))
- F11** Words in s. 823(2)(a) substituted (16.12.2010) (with effect in accordance with Sch. 1 para. 36 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 1 para. 24](#) (with [Sch. 1 para. 37](#))

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Cross Heading: Periods of account not ending on 5th April.