



# Income Tax (Trading and Other Income) Act 2005

## 2005 CHAPTER 5

### PART 8

#### FOREIGN INCOME: SPECIAL RULES

#### CHAPTER 1

#### INTRODUCTION

#### 829 Overview of Part 8

This Part provides for—

- [<sup>F1</sup>(a) the charging of relevant foreign income of a person to whom section 809B, 809D or 809E of ITA 2007 applies (remittance basis),]
- (b) certain deductions in calculating relevant foreign income where that basis does not apply (see Chapter 3), and
- (c) relief where a person is prevented from transferring income to the United Kingdom (see Chapter 4).

#### Textual Amendments

- F1** S. 829(a) substituted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 7 para. 50](#)

#### 830 Meaning of “relevant foreign income”

- (1) In this Act “relevant foreign income” means income [<sup>F2</sup>which—
- (a) arises from a source outside the United Kingdom, and

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- (b) is chargeable under any of the provisions specified in subsection (2) (or would be so chargeable if section 832 did not apply to it).]
- (2) The provisions are—
- (a) Chapter 2 of Part 2 (trade profits),
  - (b) Chapter 17 of Part 2 (adjustment income),
  - (c) Chapter 3 of Part 3 (profits of property business),
  - <sup>F3</sup>(d) .....
  - (e) Chapter 2 of Part 4 (interest),
  - (f) Chapter 4 of Part 4 (dividends from non-UK resident companies),
  - (g) Chapter 7 of Part 4 (purchased life annuity payments),
  - (h) Chapter 8 of Part 4 (profits from deeply discounted securities),
  - (i) Chapter 13 of Part 4 (sales of foreign dividend coupons),
  - (j) section 579 (royalties and other income from intellectual property),
  - (k) Chapter 3 of Part 5 (films and sound recordings: non-trading businesses),
  - (l) Chapter 4 of Part 5 (certain telecommunication rights: non-trading income),
  - (m) section 649 (estate income),
  - (n) Chapter 7 of Part 5 (annual payments not otherwise charged), and
  - (o) Chapter 8 of Part 5 (income not otherwise charged).
- (3) But “relevant foreign income” does not include income chargeable as a result [<sup>F4</sup>of—
- (a) section 844 (unremittable income: income charged on withdrawal of relief after source ceases), or
  - (b) section 517C or 517E of ITA 2007 (profits on certain disposals concerned with land in the United Kingdom treated as trading profits).]

[<sup>F5</sup>(3A) “Relevant foreign income” does not include income paid in respect of a security, within the meaning of section 138ZB of TCGA 1992, if—

    - (a) the security is treated, for the purposes of that Act, as situated in the United Kingdom as a result of section 138ZB of that Act, and
    - (b) that section applies in respect of the security as a result of an issue of shares in or debentures of a company in exchange for, or in respect of, shares in or debentures of another company that is incorporated, and is resident, in the United Kingdom.]

(4) For the treatment of other income as relevant foreign income, see—

      - (a) section 857(3) (a partner's share of a firm's trading income),
      - [<sup>F6</sup>(aa) regulation 19 of the Offshore Funds (Tax) Regulations 2009 (S.I. 2009/3001),]
      - (b) paragraph 6(3) of Schedule 3 to the Commonwealth Development Corporation Act 1999 (c. 20) (distributions by the Commonwealth Development Corporation),
      - (c) section 575(3) of ITEPA 2003 (taxable pension income: foreign pensions),
      - (d) section 613(4) of that Act (taxable pension income: foreign annuities),
      - (e) section 631(3) of that Act (pre-1973 pensions paid under the Overseas Pensions Act 1973 (c. 21)),
      - (f) section 635(4) of that Act (taxable pension income: foreign voluntary annual payments), <sup>F7</sup>...
      - (g) section 679(2) of that Act (taxable social security income: foreign benefits).
      - [<sup>F8</sup>(h) section 670A of ITA 2007 (accrued income profits),]<sup>F9</sup>[<sup>F10</sup>...

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- (i) sections 726, 730 and 735 of that Act (transfer of assets abroad: foreign deemed income)]<sup>F11</sup>, and
- (j) paragraph 46(2) of Schedule 2 to FA 2022 (qualifying asset holding companies).]

#### Textual Amendments

- F2** Words in s. 830(1) substituted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 51\(2\)](#)
- F3** S. 830(2)(d) omitted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 51\(3\)](#)
- F4** Words in s. 830(3) substituted (with effect in accordance with s. 82 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 79\(11\)](#) (and also with effect in accordance with [Finance \(No. 2\) Act 2017 \(c. 32\)](#), s. 39(1)(2))
- F5** S. 830(3A) inserted (retrospective to 17.11.2022) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), [s. 36\(5\)\(6\)](#)
- F6** S. 830(4)(aa) substituted (1.12.2009) (with effect in accordance with art. 1(2)(3) of, Sch. 1 to the amending S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), regs. 1(1), [128\(4\)](#)
- F7** Word in s. 830(4)(f) omitted (with effect in accordance with Sch. 7 para. 160 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 156\(a\)](#)
- F8** S. 830(4)(h) inserted (with effect in accordance with Sch. 7 para. 160 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 156\(b\)](#)
- F9** Word in s. 830(4) omitted (24.2.2022) by virtue of [Finance Act 2022 \(c. 3\)](#), [Sch. 2 para. 56\(2\)](#)
- F10** S. 830(4)(i) and word inserted (with effect in accordance with Sch. 7 para. 170 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 162](#)
- F11** S. 830(4)(j) and word inserted (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 2 para. 56\(2\)](#)

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