

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

SCHEDULE 1 **U.K.**

Section 882

CONSEQUENTIAL AMENDMENTS

PART 1 **U.K.**

INCOME AND CORPORATION TAXES ACT 1988

1 The Income and Corporation Taxes Act 1988 (c. 1) is amended as follows.

2 F1

Textual Amendments

F1 Sch. 1 paras. 2-4 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

3 F2

Textual Amendments

F2 Sch. 1 paras. 2-4 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

4 F3

Textual Amendments

F3 Sch. 1 paras. 2-4 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

5 In section 4 (construction of references in Income Tax Acts to deduction of tax), omit subsection (1B).

F46

Textual Amendments

F4 Sch. 1 para. 6 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

F57

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Textual Amendments

F5 Sch. 1 para. 7 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

- 8 (1) Amend section 15 (Schedule A) as follows.
 - (2) In subsection (1A)—
 - (a) in paragraph (b) for “within the charge to income tax under Schedule A” substitute “the profits of a UK property business within the charge to income tax under Chapter 3 of Part 3 of ITTOIA 2005 ”, and
 - (b) for “as separate Schedule A businesses” substitute “ for the purposes of those charges as separate businesses ”.
 - (3) Before subsection (4) insert—

“(3A) Subsection (1) applies for corporation tax purposes (and does not apply for income tax purposes except so far as necessary to ensure its application for corporation tax purposes by virtue of section 9).”
 - (4) In subsection (4) at the end insert “ and under Chapter 3 of Part 3 of ITTOIA 2005 (profits of a property business) ”.
- 9 (1) Amend section 18 (Schedule D) as follows.
 - ^{F6}(2)
 - ^{F6}(3)
 - (4) Omit subsection (6).

Textual Amendments

F6 Sch. 1 para. 9(2)(3) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

- 10 Omit section 20 (Schedule F).
- 11 Omit section 21 (persons chargeable and basis of assessment under Schedule A).
- 12 (1) Amend section 21A (computation of amount chargeable under Schedule A) as follows.
 - (2) In subsection (2) omit “sections 112 and 113 of that Act (expenditure in connection with provision of security asset or service);”.
 - (3) In subsection (4)—
 - (a) omit “section 82 (interest paid to non-residents),”, and
 - (b) omit “section 96 (farming and market gardening: relief for fluctuating profits),”.
- 13 In section 21B (application of other rules applicable to Case I of Schedule D)—
 - (a) omit “, 108, 109A”,

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- (b) after “(post-cessation receipts and expenses, etc)” insert “ , with any reference to a trade within the charge to income tax being read as a reference to a UK property business ”, and
 - (c) omit “section 113 (effect for income tax purposes of change in the persons engaged on trade);”.
- 14 In section 21C (the Schedule A charge and mutual business)—
- (a) in subsection (1) after “the charge to” insert “ corporation ”, and
 - (b) in subsection (4) from the beginning to “the person who would” substitute “ The company to which the profit arises is the company which would ”.
- 15 (1) Amend section 30 (expenditure on making sea walls) as follows.
- (2) In subsection (1) for “he shall be” substitute “ that person shall be ”.
 - (3) In subsection (2) for “he would be” substitute “ that person would be ”.
 - (4) After that subsection insert—
 - “(2A) If—
 - (a) the transferor is a company within the charge to corporation tax and the transferee is a person within the charge to income tax, or
 - (b) the transferor is a person within the charge to income tax and the transferee is a company within the charge to corporation tax,subsection (2) above shall apply only for the purpose of determining the amount of the payment which the company is treated as making in any year of assessment.
- For any entitlement of the person within the charge to income tax to a deduction for any of the expenditure, see sections 316 and 318 of ITTOIA 2005 (corresponding income tax provision).”
- 16 Omit sections 31A and 31B (deductions for expenditure by landlords on energy-saving items).
- F⁷17

Textual Amendments

F7 Sch. 1 paras. 17-23 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F⁷18

Textual Amendments

F7 Sch. 1 paras. 17-23 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F⁷19

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Textual Amendments

F7 Sch. 1 paras. 17-23 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

^{F7}20

Textual Amendments

F7 Sch. 1 paras. 17-23 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

^{F7}21

Textual Amendments

F7 Sch. 1 paras. 17-23 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

^{F7}22

Textual Amendments

F7 Sch. 1 paras. 17-23 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

^{F7}23

Textual Amendments

F7 Sch. 1 paras. 17-23 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

24 (1) Amend section 42 (appeals against determinations under sections 34 to 36) as follows.

(2) In subsection (1)—

(a) after “determination of” insert “—

(a) ”,

(b) for “to tax” substitute “ to corporation tax ”, and

(c) after “35 or 36” insert “, or

(b) any amount that under Chapter 4 of Part 3 of ITTOIA 2005 (profits of property businesses: lease premiums etc.) is brought into account as a receipt in calculating the profits of a property business (within the meaning of that Act),”.

(3) At the end of the side-note insert “ or Chapter 4 of Part 3 of ITTOIA 2005 ”.

25 ^{F8}

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Textual Amendments

F8 Sch. 1 para. 25 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

26 **F9**

Textual Amendments

F9 Sch. 1 paras. 26-30 repealed (with effect as mentioned in [Sch. 6](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 178, {[Sch. 26 Pt. 3\(12\)](#) Note}

27 **F10**

Textual Amendments

F10 Sch. 1 paras. 26-30 repealed (with effect as mentioned in [Sch. 6](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 178, {[Sch. 26 Pt. 3\(12\)](#) Note}

28 **F11**

Textual Amendments

F11 Sch. 1 paras. 26-30 repealed (with effect as mentioned in [Sch. 6](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 178, {[Sch. 26 Pt. 3\(12\)](#) Note}

29 **F12**

Textual Amendments

F12 Sch. 1 paras. 26-30 repealed (with effect as mentioned in [Sch. 6](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 178, {[Sch. 26 Pt. 3\(12\)](#) Note}

30 **F13**

Textual Amendments

F13 Sch. 1 paras. 26-30 repealed (with effect as mentioned in [Sch. 6](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 178, {[Sch. 26 Pt. 3\(12\)](#) Note}

F1431

Textual Amendments

F14 Sch. 1 para. 31 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

32 (1) Amend section 53 (farming and other commercial occupation of land (except woodlands)) as follows.

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- (2) In subsection (1) after “charged to” insert “ corporation ”.
- (3) In subsection (2)—
- (a) for “person or partnership or body of persons” substitute “ company or partnership ”, and
- (b) after “trade” insert “ for corporation tax purposes ”.
- (4) In subsection (3) after “charged to” insert “ corporation ”.
- 33 In section 55(1) (mines, quarries and other concerns) after “charged to” insert “ corporation ”.
- 34 (1) Amend section 56 (transactions in deposits with and without certificates or in debts) as follows.
- (2) In subsection (2)—
- (a) for “person”, in the first place where it occurs, substitute “ company ”, and
- ^{F15}(b)
- (3) In subsection (3)
- (a) for “does” substitute “ and section 551 of ITTOIA 2005 (charge to income tax on profits from disposal of deposit rights) do ”, and
- (b) in paragraph (a) for “person” substitute “ company ”.

Textual Amendments

F15 Sch. 1 para. 34(2)(b) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

- 35 (1) Amend section 59 (persons chargeable: Schedule D) as follows.
- (2) Omit subsections (1) and (2).
- (3) In subsection (3)—
- (a) for “that section” substitute “ section 12 of ITTOIA 2005 ”, and
- (b) omit “under Schedule D”.
- (4) In subsection (4) for “Subsections (1) to (3)” substitute “ Subsection (3) ”.
- 36 Omit sections 60 to 63A (basis of assessment for income tax: Cases I and II of Schedule D).
- 37 Omit section 64 (Case III assessments).
- 38 Omit section 65 (Cases IV and V assessments: general).
- 39 Omit section 65A (Case V income from land outside UK: income tax).
- 40 Omit section 68 (special rules where property etc. situated in Republic of Ireland).
- 41 Omit sections 68A to 68C (share incentive plans).
- 42 Omit section 69 (Case VI assessments).
- 43 Omit section 71 (computation of income tax where no profits in year of assessment).
- ^{F16}44

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Textual Amendments

F16 Sch. 1 para. 44 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

- 45 In section 74(1) (general rules as to deductions not allowable)—
- (a) for “the Tax Acts” substitute “ the Corporation Tax Acts ”,
 - (b) after “computing the amount of the profits to be charged” insert “ to corporation tax ”,
 - (c) for “, profession or vocation”, in each place where it occurs, substitute “ or profession ”,
 - (d) omit paragraph (b),
 - (e) in paragraph (j) for “his” substitute “ the creditor's ”, and
 - (f) omit paragraph (o).

^{F17}46

Textual Amendments

F17 Sch. 1 para. 46 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

- 47 Omit section 77 (incidental costs of obtaining loan finance).

^{F18}48

Textual Amendments

F18 Sch. 1 paras. 48-50 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

^{F18}49

Textual Amendments

F18 Sch. 1 paras. 48-50 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

^{F18}50

Textual Amendments

F18 Sch. 1 paras. 48-50 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

- 51 Omit section 80 (expenses connected with foreign trades etc).
- 52 Omit section 81 (travel between trades etc).
- 53 Omit section 82 (interest paid to non-residents).
- 54 In section 82A(1) (expenditure on research and development)—

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- (a) for “person” substitute “ company ”,
 - (b) for “by him or on his behalf” substitute “ by the company or on the company's behalf ”, and
 - (c) before “tax” insert “ corporation ”.
- 55 In section 82B(1) (payments to research associations, universities etc.)—
- (a) for “person” substitute “ company ”,
 - (b) ^{F19}
 - (c) before “tax” insert “ corporation ”.

Textual Amendments

F19 Sch. 1 para. 55(b) repealed (with effect as mentioned in s. 15 of the amending Act) by Finance (No. 2) Act 2005 (c. 22), s. 70, {Sch. 11 Pt. 2(2) Note 2}

- 56 In section 83 (patent fees etc. and expenses) after “the profits of a trade” insert “ for the purposes of corporation tax ”.
- 57 (1) Amend section 83A (gifts in kind to charities etc.) as follows.
- (2) In subsection (1) for “a person carrying on a trade, profession or vocation” substitute “ a company carrying on a trade or profession ”.
 - (3) In subsection (2) for “the donor in the course of his trade” substitute “ the company in the course of its trade ”.
 - (4) In subsection (3)—
 - (a) for “the donor's” substitute “ the company's ”,
 - (b) for “the purposes of the Tax Acts” substitute “ corporation tax purposes ”, and
 - (c) for “the donor” substitute “ the company ”.
 - (5) In subsection (4)—
 - (a) after “in respect of the gift of an article” insert “ made by a company ”,
 - (b) for “chargeable period”, in both places where it occurs, substitute “ accounting period ”,
 - (c) for “the donor or any person connected with him” substitute “ the company or any person connected with the company ”,
 - (d) for “the donor shall” substitute “ the company shall ”,
 - (e) before “tax”, in both places where it occurs, insert “ corporation ”, and
 - (f) for “he” substitute “ the company ”.
- 58 (1) Amend section 84 (gifts to educational establishments) as follows.
- (2) In subsection (1)—
 - (a) for “a person carrying on a trade, profession or vocation” substitute “ a company carrying on a trade or profession ”, and
 - (b) for “his trade” substitute “ its trade ”.
 - (3) In subsection (3)—
 - (a) for “the purposes of the Tax Acts” substitute “ corporation tax purposes ”, and
 - (b) for “his disposal” substitute “ its disposal ”.

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- (4) In subsection (3A) for “above is—” to the end substitute “ the period of two years beginning at the end of the accounting period in which the gift is made. ”
 - (5) Omit subsection (3B).
 - (6) In subsection (4)—
 - (a) after “in respect of the gift of an article” insert “ made by the donor ”,
 - (b) for “chargeable period”, in both places where it occurs, substitute “ accounting period ”,
 - (c) for “him” substitute “ the donor ”,
 - (d) before “tax”, in both places where it occurs, insert “ corporation ”, and
 - (e) for “he” substitute “ the donor ”.
- 59 In section 84A(2)(a) (costs of establishing share option or profit sharing schemes: relief) after “Schedule D” insert “ or Part 2 of ITTOIA 2005 ”.

F20 60

Textual Amendments
F20 Sch. 1 para. 60 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

- 61 In section 86A (charitable donations: contributions to agent's expenses) —
- (a) in subsection (1) for “a person” substitute “ a company ”, and
 - (b) in subsection (2)(a) for “, profession or vocation” substitute “ or profession ”.

F21 62

Textual Amendments
F21 Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F21 63

Textual Amendments
F21 Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F21 64

Textual Amendments
F21 Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F21 65

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Textual Amendments

F21 Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2166

Textual Amendments

F21 Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2167

Textual Amendments

F21 Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2168

Textual Amendments

F21 Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2169

Textual Amendments

F21 Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2170

Textual Amendments

F21 Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2171

Textual Amendments

F21 Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2172

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Textual Amendments

F21 Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2173

Textual Amendments

F21 Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2174

Textual Amendments

F21 Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

75 Omit section 95A (creative artists: relief for fluctuating profits).

76 Omit section 96 (farming and market gardening: relief for fluctuating profits).

F2277

Textual Amendments

F22 Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2278

Textual Amendments

F22 Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2279

Textual Amendments

F22 Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2280

Textual Amendments

F22 Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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F2281

Textual Amendments
F22 Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2282

Textual Amendments
F22 Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2283

Textual Amendments
F22 Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2284

Textual Amendments
F22 Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2285

Textual Amendments
F22 Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

- 86 Omit section 107 (treatment of receipts as earned income).
- 87 Omit section 108 (election for carry-back).
- 88 Omit section 109 (charge under section 104: relief for individuals born before 6th April 1917).
- 89 (1) Amend section 109A (relief for post-cessation expenditure) as follows.
 - (2) Omit subsection (3).
 - (3) In subsection (4) omit the unnumbered paragraph beginning with “If any sum”.
 - (4) In subsection (4A) omit the unnumbered paragraph beginning with “If any sum”.
 - (5) F23
 - (6) F23

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F23 Sch. 1 para. 89(5)(6) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

F24⁹⁰

Textual Amendments

F24 Sch. 1 para. 90 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

91 Omit section 110A (change of residence) and the italic cross-heading before it.

F25⁹²

Textual Amendments

F25 Sch. 1 para. 92 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

93 Omit section 112 (partnerships controlled abroad).

94 Omit section 113 (effect for income tax of change in ownership of trade, profession or vocation).

F26⁹⁵

Textual Amendments

F26 Sch. 1 para. 95 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

96 In section 116(4) (arrangements for transferring relief) before “tax” insert “corporation”.

F27⁹⁷

Textual Amendments

F27 Sch. 1 para. 97 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

98 **F28**

Textual Amendments

F28 Sch. 1 paras. 98-102 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

99 **F29**

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F29 Sch. 1 paras. 98-102 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

100 **F30**

Textual Amendments

F30 Sch. 1 paras. 98-102 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

101 **F31**

Textual Amendments

F31 Sch. 1 paras. 98-102 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

102 **F32**

Textual Amendments

F32 Sch. 1 paras. 98-102 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

103 In section 119(1) (rent etc. payable in connection with mines, quarries and similar concerns) after “charged to” insert “corporation”.

104 In section 120 (rent etc. payable in respect of electric line wayleaves)—

- (a) in subsection (1) after “charged to” insert “corporation”,
- (b) in subsection (1A) for “chargeable period” substitute “accounting period”, and
- (c) in subsection (1A) after “charged to”, in both places where it occurs, insert “corporation”.

105 In section 121 (management expenses of owner or mineral rights) omit subsection (1).

106 (1) Amend section 122 (relief in respect of mineral royalties) as follows.

(2) In subsection (1)—

- (a) for the words from “a person resident” to “year of assessment or” substitute “a company resident in the United Kingdom which in any”,
- (b) omit “for the purposes of income tax, or as the case may be”,
- (c) for “him” substitute “it”, and
- (d) omit “year or” in both places where it occurs.

(3) In subsection (2)—

- (a) omit the words from “brought into account” to “may be”, and
- (b) for “subsection (2)” substitute “subsection (3)”.

Status: Point in time view as at 21/07/2009.

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(4) Omit subsection (4).

F33 107

Textual Amendments

F33 Sch. 1 para. 107 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

108 Omit section 127 (enterprise allowance).

109 Omit section 127A (futures and options: transactions with guaranteed returns).

110 In section 128 (commodity and financial futures etc: losses and gains) omit subsection (1).

111 (1) Amend section 214 (chargeable payments connected with exempt distributions) as follows.

(2) In subsection (1)—

(a) in paragraph (a) omit “chargeable to tax under Case VI of Schedule D”, and

(b) after that paragraph insert—

“(ab) that income shall be chargeable to tax;”.

(3) After subsection (1) insert—

“(1A) Income tax chargeable by virtue of subsection (1) shall be charged on the full amount or value of the payment made in the year of assessment; and the person liable for any tax so charged is the person receiving or entitled to the payment.

(1B) Corporation tax chargeable by virtue of subsection (1) shall be charged under Case VI of Schedule D.”

112 In section 230 (stock dividends: distributions) for the words from “as mentioned” to “that section)” substitute “ in a case where section 410(2), (3) or (4) of ITTOIA 2005 applies ”.

113 (1) Amend section 231 (tax credits for certain recipients of qualifying distributions) as follows.

(2) In subsection (1)—

(a) for “sections” to “1993” substitute “ sections 231AA and 231AB of this Act ”,

(b) for the words from “where” to “charged” substitute “ for corporation tax purposes where ”, and

(c) omit “or a person resident in the United Kingdom, not being a company”.

(3) Omit subsections (3) and (3AA).

(4) In subsection (4) for “he” in both places where it occurs substitute “ that person ”.

114 F34

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F34 Sch. 1 para. 114 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

115 ^{F35}

Textual Amendments

F35 Sch. 1 para. 115 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

- 116 In section 231B(4)(b) (consequences of certain arrangements to pass on value of a tax credit) for “section 231(3)” substitute “ section 397(2) of ITTOIA 2005 ”.
- 117 Omit section 232 (tax credits for non-UK residents).
- 118 Omit section 233 (taxation of certain recipients of distributions and in respect of non-qualifying distributions).
- 119 (1) Amend section 249 (stock dividends treated as income) as follows.
 - (2) In subsection (1) for “subsections (7) to (9) below, this section applies” substitute “ subsections (8) and (9) below, this section applies (and accordingly section 230 above and section 410 of ITTOIA 2005 apply) ”.
 - (3) Omit subsections (4) to (7).
 - (4) In subsection (8)—
 - (a) for “subsection (4)” substitute “ section 410(2), (3) or (4) of ITTOIA 2005 ”, and
 - (b) omit the words from “and subsections (5)” onwards.
 - (5) In subsection (9)(b) for “an individual” to “an amount of income” substitute “ income to be treated as arising to an individual as a result of section 410(2) of ITTOIA 2005 ”.
- 120 (1) Amend section 250 (returns) as follows.
 - (2) In subsection (5)(c) for “the appropriate amount in cash” substitute “ the cash equivalent of the share capital in accordance with section 412 of ITTOIA 2005 ”.
 - (3) In subsection (7) at the end insert “ of this Act or Chapter 5 of Part 4 of ITTOIA 2005 ”.
- 121 In section 251 (interpretation of sections 249 and 250), omit subsections (2) to (6).
- 122 Omit sections 251A to 251D (approved share incentive plans).
- 123 In section 271(1)(a) (deemed surrender in cases of certain loans) for “under section 547” substitute “ by virtue of section 465 of ITTOIA 2005 ”.
- ^{F36}124

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Textual Amendments

F36 Sch. 1 para. 124 omitted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 1 para. 6\(n\)](#)

125 ^{F37}

Textual Amendments

F37 Sch. 1 para. 125 repealed (6.4.2007 with effect as stated in [s. 1034\(1\)](#) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [ss. 1031, 1034](#), [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

126 ^{F38}

Textual Amendments

F38 Sch. 1 para. 126 repealed (6.4.2007 with effect as stated in [s. 1034\(1\)](#) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [ss. 1031, 1034](#), [Sch. 3 Pt. 2](#) (with transitional provisions and savings in [Sch. 2](#))

127 ^{F39}

Textual Amendments

F39 Sch. 1 para. 127 repealed (6.4.2007 with effect as stated in [s. 1034\(1\)](#) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [ss. 1031, 1034](#), [Sch. 3 Pt. 2](#) (with transitional provisions and savings in [Sch. 2](#))

- 128 Omit section 314 (divers and diving supervisors).
- 129 Omit section 322 (consular officers and employees).
- 130 Omit section 324 (designated international organisations).
- 131 Omit section 325 (interest on deposits with National Savings Bank).
- 132 Omit section 326 (interest etc. under contractual savings schemes).
- 133 Omit sections 326A to 326D (tax-exempt special savings accounts).
- 134 Omit section 327 (disabled person's vehicle maintenance grant).
- 135 Omit section 327A (payments to adopters).
- 136 Omit sections 329 to 329AB (exemption of interest on damages for personal injury and personal injury damages in the form of periodical payments).
- 137 Omit section 331 (scholarship income).
- 138 Omit section 331A (student loans: certain interest to be disregarded).
- 139 Omit section 332(3) (expenditure and houses of ministers of religion).
- 140 In section 332A (venture capital trusts: reliefs) omit “and distributions by such trusts”.
- 141 For section 333 substitute—

Status: Point in time view as at 21/07/2009.

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“333 Investment plan regulations

Regulations under Chapter 3 of Part 6 of ITTOIA 2005 (income from individual investment plans) may include provision generally for the purpose of the administration of corporation tax in relation to plans.”

142 Omit section 333A (personal equity plans: tax representatives).

143 F40

Textual Amendments
F40 Sch. 1 para. 143 repealed (19.7.2007 with effect as stated in s. 38 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 114, [Sch. 27 Pt. 2\(7\)](#)

144 F41

Textual Amendments
F41 Sch. 1 para. 144 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

- 145 (1) Amend section 337 (company beginning or ceasing to carry on trade) as follows.
 (2) In subsection (1) after “shall be computed” insert “ for the purposes of corporation tax ”.
 (3) In subsection (2) after “overseas property business” insert “ (within the meaning given by section 70A(4)) ”.

- 146 (1) Amend section 347A (general rule: annual payments) as follows.
 (2) F42
- (3) F42
- (4) Omit subsections (4) and (5).
 (5) F42

Textual Amendments
F42 Sch. 1 para. 146(2)(3)(5) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

147 F43

Textual Amendments
F43 Sch. 1 para. 147 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

Status: Point in time view as at 21/07/2009.

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148 F44

Textual Amendments

F44 Sch. 1 para. 148 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

149 F45

Textual Amendments

F45 Sch. 1 para. 149 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

150 F46

Textual Amendments

F46 Sch. 1 para. 150 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

151 F47

Textual Amendments

F47 Sch. 1 para. 151 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

152 In section 353(1) (relief for payments of interest) after “sections 359 to 368” insert
“ of this Act and section 52 of ITTOIA 2005 ”.

153 F48

Textual Amendments

F48 Sch. 1 para 153 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

154 F49

Textual Amendments

F49 Sch. 1 para 154 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

155 In section 370(2)(b) (relevant loan interest) for the words from “either” to the end
substitute “ would be eligible for relief under section 353 ”.

156 F50

Status: Point in time view as at 21/07/2009.

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Textual Amendments

F50 Sch. 1 para 156 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

157 **F51**

Textual Amendments

F51 Sch. 1 para 157 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

158 In section 382(3) (provisions supplementary to sections 380 and 381) omit “under the provisions of the Income Tax Acts applicable to Case I or II of Schedule D”.

159 **F52**

Textual Amendments

F52 Sch. 1 para 159 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

160 **F53**

Textual Amendments

F53 Sch. 1 para 160 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

161 In section 385(4) (carry-forward against subsequent profits) omit “under Case I of Schedule D” and, in both places where it occurs, “under that Case”.

162 In section 386(1) (carry-forward where business transferred to a company) omit “under Schedule D”.

163 **F54**

Textual Amendments

F54 Sch. 1 para 163-168 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

164 **F55**

Textual Amendments

F55 Sch. 1 para 163-168 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

165 **F56**

Status: Point in time view as at 21/07/2009.

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Textual Amendments

F56 Sch. 1 para 163-168 repealed (6.4.2007) (with effect as stated in s. 1034(1)) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

166 ^{F57}

Textual Amendments

F57 Sch. 1 para 163-168 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

167 ^{F58}

Textual Amendments

F58 Sch. 1 para 163-168 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

168 ^{F59}

Textual Amendments

F59 Sch. 1 para 163-168 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

169 (1) Amend section 397 (restriction of relief in case of farming and market gardening) as follows.

(2) In subsection (5) (restriction of relief in case of farming and market gardening) for the definitions of “farming” and “market gardening” substitute—

““farming” and “market gardening” shall be construed—

- (a) for income tax purposes, in accordance with the definitions in section 876 of ITTOIA 2005, and
- (b) for corporation tax purposes, in accordance with the definitions in section 832 but as if those definitions were not restricted to activities in the United Kingdom.”

(3) ^{F60}

(4) In subsection (8) for the words from “, a trade shall be treated” to the end substitute “—

- (a) a trade shall be treated as discontinued, and a new trade set up, in any event which under any of the provisions of the Tax Acts is to be treated as equivalent to the permanent discontinuance or setting up of a trade; and
- (b) without prejudice to paragraph (a), a trade shall be treated as discontinued, and a new trade set up, at any time when there is a change in the persons carrying on the trade which involves all of

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

the persons carrying it on before the change permanently ceasing to carry it on.”

- (5) In subsection (10) for the words from the beginning to “any discontinuance, and as if” substitute “ Where at any time there has been a change in the persons carrying on a trade, this section shall, notwithstanding subsection (8) above, apply as if ”.

Textual Amendments

F60 Sch. 1 para 169(3) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

- 170 In section 398 (loss relief for transactions in deposits with and without certificates or in debts)—
- (a) **F61**
 - (b) **F61**
 - (c) for “tax under Schedule D” substitute “ corporation tax under Schedule D or income tax under that Act ”.

Textual Amendments

F61 Sch. 1 para 170(a)(b) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

- 171 (1) Amend section 399 (dealings in commodity futures etc: withdrawal of loss relief) as follows.
- (2) Omit subsections (1) and (1A).
 - (3) **F62**
 - (4) In subsection (5) omit the words from “and the reference” to the end.

Textual Amendments

F62 Sch. 1 para 171(3) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

F63 172

Textual Amendments

F63 Sch. 1 para. 172 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

- 173 In section 417(3)(b) (meaning of “associate” etc.) for “Chapter 1A of Part XV (see section 660G(1) and (2))” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act) ”.
- 174 (1) Amend section 421 (taxation of borrower where loan under section 419 released etc.) as follows.

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (2) In subsection (1)—
- (a) for “advance and” substitute “ advance made to the trustees of a trust and after the trust has ended ”,
 - (b) in paragraph (a) for “the total income of the person to whom the loan or advance was made”, “him” and “Schedule F” substitute “ the income of the person from whom the debt was due (“the debtor”) for corporation tax purposes ”, “ the debtor ” and “ dividend ” respectively,
 - (c) in paragraph (b) for “he shall not be liable to pay income tax at the Schedule F” substitute “ the debtor shall not be liable to pay corporation tax at the dividend ”, and
 - (d) omit paragraphs (c) and (d).
- (3) Omit subsections (2) and (3).

175 F64

Textual Amendments

F64 Sch. 1 para. 175 repealed (19.7.2007 with effect as stated in s. 38 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 114, [Sch. 27 Pt. 2\(7\)](#)

- 176 In section 431D(3)(b) (meaning of “overseas life assurance business”) after “Chapter II of Part XIII” insert “ or Chapter 9 of Part 4 of ITTOIA 2005 ”.
- 177 In section 434 (franked investment income etc.) omit subsection (1A).
- 178 (1) Amend section 437 (general annuity business) as follows.
- (2) In subsection (1C)(b)(ii) after “capital elements” insert “ and amounts exempt under section 717 of ITTOIA 2005 ”.
 - (3) Omit “and” at the end of subsection (1C)(b).
 - (4) After subsection (1C)(c) insert “and
 - (d) the amounts exempt under section 717 of ITTOIA 2005 shall be determined in accordance with Chapter 7 of Part 6 of that Act, but for this purpose—
 - (i) it is immaterial whether or not an annuitant claims any relief to which the annuitant is entitled under that section; and
 - (ii) where, by virtue of section 718 of that Act, section 717 does not apply to an annuity, the annuity shall be treated as being exempt to the same extent that it would have been apart from that section.”
- 179 (1) Section 468J (dividend distributions of authorised unit trusts) is amended as follows.
- (2) In subsection (2) for “Tax Acts” substitute “ Corporation Tax Acts ”.
 - (3) At the end of subsection (4) insert “(including a dividend treated as paid to a unit holder who is not liable to corporation tax)”.
- 180 (1) Section 468L (interest distributions of authorised unit trusts) is amended as follows.
- (2) In subsection (1A) after “this Chapter” insert “ and Chapter 2 of Part 4 of ITTOIA 2005 (interest) ”.

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (3) In subsection (2) for “Tax Acts” substitute “ Corporation Tax Acts ”.
- (4) At the end of subsection (3) insert “(including a payment of interest treated as made to a unit holder who is not liable to corporation tax)”.

181 ^{F65}

Textual Amendments

F65 Sch. 1 para 181 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

^{F66}182

Textual Amendments

F66 Sch. 1 para. 182 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

^{F67}183

Textual Amendments

F67 Sch. 1 para. 183 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

- 184 (1) Amend section 477A (building societies: regulations for deduction of tax) as follows.
- (2) In subsection (4)—
 - (a) for “terminal bonus” substitute “ interest ”, and
 - (b) for “contractual savings scheme” substitute “ SAYE savings arrangement ”.
- (3) Omit subsections (5) and (6).
- (4) In subsection (9) omit the words from “but” to the end of the subsection.
- (5) In subsection (10) after “this section—” insert—

““certified SAYE savings arrangement” has the meaning given by section 703 of ITTOIA 2005”.

185 Omit section 480C (relevant deposits: computation of tax on interest).

186 ^{F68}

Textual Amendments

F68 Sch. 1 para 186 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

187 ^{F69}

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F69 Sch. 1 para 187 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

188 (1) Section 486 (industrial and provident societies and co-operative associations) is amended as follows.

(2) In subsection (1)—

- (a) after “distribution” insert “ for the purposes of corporation tax ”, and
- (b) for “the purposes of corporation tax” substitute “ those purposes ”.

(3) In subsection (4) at the end insert “for the purposes of corporation tax”.

(4) Omit subsection (5).

^{F70}189

Textual Amendments

F70 Sch. 1 para. 189 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

190 (1) Amend section 492 (treatment of oil extraction activities etc for tax purposes) as follows.

(2) In subsection (1) for “for all purposes of income tax, and for the purposes of the charge of corporation tax on income,” substitute “ for the purposes of the charge of corporation tax on income ”.

(3) In subsection (4)—

- (a) in paragraph (a) after “are treated by virtue of” insert “ section 16(1) of ITTOIA 2005 or ”,
- (b) in paragraph (a) for “the purposes specified in that subsection” substitute “ income tax purposes or (as the case may be) for the purposes of the charge of corporation tax on income ”,
- (c) in paragraph (b) after “but which, apart from” insert “ section 16(1) of ITTOIA 2005 or ”, and
- (d) after “notwithstanding anything in that” insert “ section or ”.

191 In section 493(2)(a)(i) (valuation of oil disposed of or appropriated in certain circumstances) for “falling within section 492(1)(a) or (b)” substitute “ falling within the definition of “oil-related activities” in section 16(2) of ITTOIA 2005 or within section 492(1)(a) or (b) above ”.

192 In section 495(2) (regional development grants) for “section 492(1)” substitute “ section 16(1) of ITTOIA 2005 or section 492(1) above ”.

193 In section 496(1)(c) (tariff receipts and tax-exempt tariffing receipts) for “section 492(1)” substitute “ section 16(1) of ITTOIA 2005 or section 492(1) above ”.

194 In section 502(1) (interpretation of Chapter 5), in the definition of “ring fence trade”—

Status: Point in time view as at 21/07/2009.

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- (a) in paragraph (a) for “any of paragraphs (a) to (c) of subsection (1) of section 492” substitute “ the definition of “oil-related activities” in section 16(2) of ITTOIA 2005 or within section 492(1) above ”, and
 - (b) in paragraph (b) for “that subsection” substitute “ section 16(1) of ITTOIA 2005 or section 492(1) above ”.
- 195 (1) Amend section 503 (letting of furnished holiday accommodation treated as a trade for certain purposes) as follows.
- (2) In subsection (1)—
 - (a) for “specified in subsection (2)” substitute “ of Chapter 2 of Part 10 (loss relief for corporation tax) ”,
 - (b) omit “in the United Kingdom”,
 - (c) after “chargeable to” insert “ corporation ”, and
 - (d) for “particular person or partnership or body of persons” substitute “ particular company or partnership ”.
 - (3) Omit subsections (2) and (3).
 - (4) In subsection (5)—
 - (a) for “Part X” substitute “ Chapter 2 of Part 10 ”, and
 - (b) after “other provision of the” insert “ Corporation ”.
 - (5) In the side-note after “certain” insert “ corporation tax ”.
- 196 (1) Amend section 504 (meaning of the “commercial letting of furnished accommodation”) as follows.
- (2) Omit subsection (4).
 - (3) In subsection (6)—
 - (a) omit “year of assessment or”,
 - (b) for “person” substitute “ company ”,
 - (c) omit “year or” in each place where it occurs,
 - (d) for “he” substitute “ the company ”, and
 - (e) for “him” substitute “ the company ”.
 - (4) In subsection (6A) for “above is—” to the end substitute “ above is the period of two years beginning at the end of the accounting period in which the accommodation was let. ”
 - (5) In subsection (7)—
 - (a) omit “year of assessment or”, and
 - (b) omit “year or” in both places where it occurs.
 - (6) In subsection (8) omit “year of assessment or”.
 - (7) In subsection (9)—
 - (a) for “a person” substitute “ a company ”, and
 - (b) for “he” substitute “ it ”.

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F71 Sch. 1 para 197 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

198 (1) Amend section 505 (charities: general) as follows.

(2) In subsection (1)—

- (a) ^{F72}
- (b) ^{F72}
- (c) in paragraph (c)(iia) omit “IV or”,
- (d) ^{F72}
- (e) in paragraph (c)(iib) from “income” to “and” at the end of subparagraph (iib) substitute “ such dividends as would, in the case of income tax, be chargeable to tax under Chapter 4 of Part 4 of ITTOIA 2005 or such distributions (other than dividends) as would, in the case of income tax, be chargeable to tax under Chapter 8 of Part 5 of that Act so far as it would apply to what would be a relevant foreign distribution, ”,
- (f) ^{F72}
- (g) ^{F72}
- (h) ^{F72}
- (i) ^{F72}

(3) After subsection (1) insert—

“(1AA) In subsection (1)(c)(iiaa) and (iib) “relevant foreign distribution” means any distribution of a company not resident in the United Kingdom which—
(a) is not chargeable under Chapter 4 of Part 4 of ITTOIA 2005, but
(b) would be chargeable under Chapter 3 of that Part of that Act if the company were resident in the United Kingdom.”

(4) In subsection (2) after “chargeable to”, in the second place where it occurs, insert “ income tax under Chapter 7 of Part 5 of ITTOIA 2005 (annual payments not otherwise charged) so far as it does not apply to relevant foreign income and shall be chargeable to corporation ”.

Textual Amendments

F72 Sch. 1 para 198(2)(a)(b)(d)(f)-(i) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

199 ^{F73}

Textual Amendments

F73 Sch. 1 para. 199 repealed (with effect as mentioned in s. 46 of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. 70, {Sch. 11 Pt. 2(12) Note}

200 Omit section 514 (funds for reducing the national debt).

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F74 201

Textual Amendments
F74 Sch. 1 paras. 201-203 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F74 202

Textual Amendments
F74 Sch. 1 paras. 201-203 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F74 203

Textual Amendments
F74 Sch. 1 paras. 201-203 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

204 In section 527(4) (spreading of royalties over several years) at the end insert “ of this Act or by virtue of section 595 of ITTOIA 2005 ”.

F75 205

Textual Amendments
F75 Sch. 1 para. 205 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

206 Omit section 529 (patent income to be earned income in certain cases).

F76 207

Textual Amendments
F76 Sch. 1 paras. 207-209 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F76 208

Textual Amendments
F76 Sch. 1 paras. 207-209 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F76 209

Status: Point in time view as at 21/07/2009.

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Textual Amendments

F76 Sch. 1 paras. 207-209 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

^{F77}210

Textual Amendments

F77 Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 16**

^{F77}211

Textual Amendments

F77 Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 16**

^{F77}212

Textual Amendments

F77 Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 16**

^{F77}213

Textual Amendments

F77 Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 16**

^{F77}214

Textual Amendments

F77 Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 16**

^{F77}215

Textual Amendments

F77 Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 16**

^{F77}216

Status: Point in time view as at 21/07/2009.

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Textual Amendments

F77 Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 16](#)

^{F77}217

Textual Amendments

F77 Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 16](#)

^{F77}218

Textual Amendments

F77 Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 16](#)

^{F77}219

Textual Amendments

F77 Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 16](#)

^{F77}220

Textual Amendments

F77 Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 16](#)

^{F77}221

Textual Amendments

F77 Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 16](#)

- 222 (1) Amend section 552 (information: duty of insurers) as follows.
- (2) In subsection (1) omit “within the meaning of this Chapter”.
- (3) In subsection (5)—
 - (a) in paragraph (b)(ii) for “, the date” to the end of the sub-paragraph substitute “ of this Act and section 514(1) of ITTOIA 2005 (chargeable events where transaction-related calculations show gains), the date on which the year and the insurance year end; ”,
 - (b) in paragraph (c)—

Status: Point in time view as at 21/07/2009.

Changes to legislation: *Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (i) after “this Chapter” insert “ and Chapter 9 of Part 4 of ITTOIA 2005 ”,
 - (ii) after “relevant capital payments” insert “ and the amount or value of any capital sums of a kind referred to in section 492(1)(b) to (e) of ITTOIA 2005 ”,
 - (iii) in sub-paragraph (iii) after “annuity” insert “ determined in accordance with section 656 and the amount of so much of any payment previously made on account of an annuity as is exempt under section 717 of ITTOIA 2005 ”, and
 - (iv) in sub-paragraph (v) after “year” insert “ and the total of the amounts of gains treated as arising on previous chargeable events within section 509(1) or 514(1) of ITTOIA 2005 ”,
- (c) for paragraph (e) substitute—
- “(e) the number of years relevant for computing the annual equivalent of the amount of the gain for the purposes of subsection (1) of section 536 of ITTOIA 2005 (top slicing relieved liability: one chargeable event), apart from subsections (6) and (8) of that section;”, and
- (d) for paragraph (f) substitute—
- “(f) on the assumption that section 465 of ITTOIA 2005 (person liable: individuals) has effect in relation to the gain —
 - (i) whether an individual would fall to be treated as having paid income tax at the lower rate on the amount of the gain in accordance with section 530 of that Act; and
 - (ii) if so, except in a case where paragraph (c) above applies, the amount of such tax that would fall to be so treated as paid.”
- (4) In subsection (6)—
- (a) in paragraph (b)—
 - (i) after “section 546C(7)(a)” insert “ of this Act (and section 514(1) of ITTOIA 2005) ”, and
 - (ii) after “year” insert “ (and the insurance year) ”, and
 - (b) in paragraph (c) after “section 546C(7)(a)” insert “ of this Act (and section 514(1) of ITTOIA 2005) ”.
- (5) In subsection (7)(b)—
- (a) after “section 546C(7)(a)” insert “ of this Act (and section 514(1) of ITTOIA 2005) ”, and
 - (b) after “year” insert “ (and the insurance year) ”.
- (6) In subsection (9)(a)—
- (a) after “section 546C(7)(b)” insert “ of this Act (and section 514(1) of ITTOIA 2005) ”, and
 - (b) after “occurs” insert “ (and the end of the insurance year mentioned in section 514(3) and (4) of ITTOIA 2005) ”.
- (7) In subsection (10)—
- (a) in the definition of “amount” after “section 553(3)” insert “ of this Act and section 528 of ITTOIA 2005 ”, and

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(b) insert in the appropriate place—

““chargeable event” means an event which is a chargeable event within the meaning of this Chapter and Chapter 9 of Part 4 of ITTOIA 2005;”.

223 In section 552ZA(3) (information: supplementary provisions) after “section 546C(7)(a)” insert “ of this Act and section 514(1) of ITTOIA 2005 ”.

224 (1) Amend section 552A (tax representatives) as follows.

(2) In subsection (5) omit “in relation to which this Chapter has effect and”.

(3) In subsection (12) insert in the appropriate place—

““capital redemption policy” means a capital redemption policy in relation to which this Chapter and Chapter 9 of Part 4 of ITTOIA 2005 have effect;”.

““contract for a life annuity” means a contract for a life annuity in relation to which this Chapter and Chapter 9 of Part 4 of ITTOIA 2005 have effect;” and

““policy of life insurance” means a policy of life insurance in relation to which this Chapter and Chapter 9 of Part 4 of ITTOIA 2005 have effect;”.

225 In section 552B (duties of overseas insurers' tax representatives) after subsection (5) insert—

“(5A) In subsection (5) “chargeable event” has the same meaning as in section 552 (see subsection (10) of that section).”

^{F78}226

Textual Amendments
F78 Sch. 1 paras. 226-228 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 16](#)

^{F78}227

Textual Amendments
F78 Sch. 1 paras. 226-228 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 16](#)

^{F78}228

Textual Amendments
F78 Sch. 1 paras. 226-228 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 16](#)

229 Omit section 554 (borrowings on life policies to be treated as income in certain cases).

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

^{F79}230

Textual Amendments

F79 Sch. 1 para. 230 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

231 Omit section 557 (charge on profits).

232 In section 568(1) (deductions from profits of contributions paid under certified schemes)—

(a) after “section 74” insert “ of this Act or section 33 of ITTOIA 2005 ”, and

(b) after “Case I of Schedule D,” insert “ or under Part 2 of ITTOIA 2005, ”.

233 In section 570(4) (payments under certified schemes which are not repayments of contributions) for “any of the provisions of section 113 or section 337(1)” substitute “ section 337(1) above or section 18 of ITTOIA 2005 (companies beginning or ceasing to carry on trade) ”.

^{F80}234

Textual Amendments

F80 Sch. 1 paras. 234-236 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

^{F80}235

Textual Amendments

F80 Sch. 1 paras. 234-236 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

^{F80}236

Textual Amendments

F80 Sch. 1 paras. 234-236 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

237 In section 578(1) (housing grants) for “any tax purpose” substitute “ corporation tax purposes ”.

^{F81}238

Textual Amendments

F81 Sch. 1 para. 238 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

^{F82}239

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F82 Sch. 1 para. 239 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

240 Omit sections 580A to 580C (relief from tax on annual payments under certain insurance policies and immediate needs annuities).

241 Omit section 581 (borrowing in foreign currency by local authorities and statutory corporations).

242 ^{F83}

Textual Amendments

F83 Sch. 1 para 242 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), ss. 1031, 1034, Sch. 3 Pt. 1](#) (with transitional provisions and savings in Sch. 2)

^{F84}243

Textual Amendments

F84 Sch. 1 para. 243 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

244 Omit section 583 (Inter-American Development Bank).

^{F85}245

Textual Amendments

F85 Sch. 1 para. 245 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

246 Omit section 585 (relief from tax on delayed remittances).

^{F86}247

Textual Amendments

F86 Sch. 1 para. 247 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

^{F87}248

Textual Amendments

F87 Sch. 1 para. 248 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

249 ^{F88}

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F88 Sch. 1 para. 249 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

F89 250

Textual Amendments

F89 Sch. 1 para. 250 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

F90 251

Textual Amendments

F90 Sch. 1 para. 251 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

- 252 (1) Amend section 591C (cessation of approval: tax on certain schemes) as follows.
- (2) In subsection (1) for “tax shall be charged” substitute “ income tax shall be charged under and ”.
- (3) In subsection (2) omit “under Case VI of Schedule D”.
- (4) In subsection (6A)(c)(iii) for “Schedule D” substitute “ Part 2 of ITTOIA 2005 ”.
- 253 (1) Amend section 592 (exempt approved schemes) as follows.
- (2) In subsection (3)—
- (a) after “the schemes” insert “ , are not relevant foreign income ”, and
- (b) for “Case VI of Schedule D” substitute “ Chapter 8 of Part 5 of ITTOIA 2005 (income not otherwise charged) ”.
- (3) In subsection (4)(a) after “for the purposes of” insert “ Part 2 of ITTOIA 2005 or ”.
- 254 (1) Amend section 598 (charge to tax: repayment of employee's contributions) as follows.
- (2) In subsection (1) after “this section,” insert “ income ”.
- (3) In subsection (2) for the words from the beginning to “Schedule D” substitute “ The person liable for any tax chargeable under this section shall be the administrator of the scheme ”.
- 255 (1) Amend section 599 (charge to tax: commutation of entire pension in special circumstances) as follows.
- (2) In subsection (1) after “whether wholly or not, under the rule,” insert “ income ”.
- (3) In subsection (1B) before “tax” insert “ income ”.
- (4) In subsection (3) for the words from the beginning to “Schedule D on that amount,” substitute “ The person liable for any tax chargeable under this section shall be the administrator of the scheme ”.

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- 256 In section 599A (charge to tax: payments out of surplus funds) for subsection (2) substitute—
- “(2) On the making of a payment to which subsection (1) above applies—
- (a) income tax is charged at the relevant rate on such amount as, after deduction of tax at that rate, would equal the amount of the payment, and
- (b) the person liable for the tax so charged is the administrator of the scheme.”
- 257 In section 601(5)(b) (charge to tax: payments to employers) for “to tax on the amount of the payment under Case VI of Schedule D” substitute “—
- (i) to income tax on the full amount of the payment arising in the year of assessment; or
- (ii) to corporation tax on the amount of the payment under Case VI of Schedule D”.
- 258 In section 602(1)(a) (regulations relating to pension fund surpluses) omit “under Case VI of Schedule D”.
- 259 (1) Amend section 607 (pilots' benefit fund) as follows.
- (2) In subsection (2)(c) for “the provisions of Case II of Schedule D” substitute “ such of the provisions of Part 2 of ITTOIA 2005 as apply in calculating the profits of a profession ”.
- (3) In subsection (3)(a) for “in assessing tax under Schedule D” substitute “ in calculating the profits of the profession ”.
- 260 In section 608(2) (superannuation funds approved before 6th April 1980)—
- (a) in paragraph (b)—
- (i) after “commissions” insert “ which are not relevant foreign income and ”, and
- (ii) for “Case VI of Schedule D” substitute “ Chapter 8 of Part 5 of ITTOIA 2005 ”, and
- (b) in paragraph (c) for the words from “under” onwards substitute “ under Chapter 11 of Part 4 of ITTOIA 2005 (transactions in deposits) by virtue of a disposal of deposit rights falling within section 552(1)(a) or (b) of that Act ”.
- 261 In section 614(2A) (exemptions and reliefs in respect of income from investments etc. of certain pension schemes) for the words from “paragraph 1” to “(relevant” substitute “ Chapter 8 of Part 4 of ITTOIA 2005 (profits from deeply ”.
- ^{F91}262

Textual Amendments

F91 Sch. 1 para. 262 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

- 263 (1) Amend section 623 (relevant earnings) as follows.
- (2) In subsection (2)—
- (a) in paragraph (c) for “Schedule D” substitute “ Part 2 of ITTOIA 2005 ”, and

Status: Point in time view as at 21/07/2009.

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- (b) for paragraph (d) substitute—
 - “(d) income to which section 833(5B) (patent income) applies;”.
- (3) In subsection (6)—
 - (a) in paragraph (a) for “section 74(m), (p) or (q)” substitute “ section 51 of ITTOIA 2005 ”, and
 - (b) after the “or” at the end of that paragraph insert—
 - “(aa) deductions in respect of any annuity or other annual payment (other than interest) payable out of his profits; or”.
- 264 In section 644(2) (meaning of “relevant earnings”)—
 - (a) in paragraph (c) for “Schedule D” substitute “ Part 2 of ITTOIA 2005 ”, and
 - (b) for paragraph (d) substitute—
 - “(d) income to which section 833(5B) (patent income) applies.”
- 265 In section 646(2) (meaning of “relevant net earnings”)—
 - (a) in paragraph (a) for “section 74(m), (p) or (q)” substitute “ section 51 of ITTOIA 2005 ”,
 - (b) after that paragraph insert—
 - “(aa) deductions in respect of any annuity or other annual payment (other than interest) payable out of his profits;”,
 - and
 - (c) in paragraph (bb) for “section 332(3) of this Act” substitute “ section 159 of ITTOIA 2005 ”.
- 266 (1) Amend section 648B (return of contributions after pension date) as follows.
 - (2) In subsection (1) for “Tax” substitute “ Income tax ”.
 - (3) In subsection (2) for the words from the beginning to “Schedule D” substitute “ The person liable for any tax chargeable under this section shall be the administrator of the scheme ”.
- 267 (1) Amend section 650A (charge on withdrawal of approval from arrangements) as follows.
 - (2) In subsection (1) for “tax shall be charged” substitute “ income tax shall be charged under and ”.
 - (3) In subsection (2) omit “under Case VI of Schedule D”.
- 268 ^{F92}(1)
- ^{F93}(2)
- (3) ^{F94}

Textual Amendments

F92 Sch. 1 para. 268(1) omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 17\(n\)](#)

F93 Sch. 1 para. 268(2) omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 17\(n\)](#)

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F94 Sch. 1 para. 268(3) repealed (19.7.2007 with effect as stated in s. 46 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 114, [Sch. 27 Pt. 2\(13\)](#)

F95 269

Textual Amendments

F95 Sch. 1 para. 269 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 17\(n\)](#)

270 **F96**

Textual Amendments

F96 Sch. 1 para. 270 repealed (19.7.2007 with effect as stated in s. 46 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 114, [Sch. 27 Pt. 2\(13\)](#)

271 Omit sections 660A and 660B (income arising under settlement where settlor retains an interest and payments to unmarried minor children of settlor).

272 (1) Amend section 660C (nature of charge on settlor) as follows.

(2) Omit subsections (1) to (2).

(3) **F97**

(4) **F98**

Textual Amendments

F97 Sch. 1 para. 272(3) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

F98 Sch. 1 para. 272(4) repealed (19.7.2007 with effect as stated in [Sch. 5](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 114, [Sch. 27 Pt. 2\(3\)](#)

273 Omit sections 660D to 660G (settlements: supplementary provisions etc.).

274 Omit section 677 (sums paid to settlor otherwise than as income).

275 Omit section 678 (capital sums paid by body connected with settlement).

276 Omit sections 682 and 682A (ascertainment of undistributed income and supplementary provisions for Chapter 1B).

277 **F99**

Textual Amendments

F99 Sch. 1 para. 277 repealed (6.4.2007) (with effect as stated in s. 1034(1)) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

278 **F100**

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Textual Amendments

F100 Sch. 1 para. 278 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

- 279 Omit section 688 (schemes for employees and directors to acquire shares).
- 280 (1) Amend section 689B (order in which expenses to be set against income: trust management expenses) as follows.
- (2) In subsection (2) for paragraphs (za) to (c) substitute—
- “(a) so much of the income of the trustees as is income chargeable under Chapter 3 of Part 4 of ITTOIA 2005 (dividends etc. from UK resident companies etc.);
 - (b) income treated as arising to the trustees under Chapter 5 of that Part (stock dividends from UK resident companies); or
 - (c) income chargeable under Chapter 6 of that Part (release of loan to participator in close company).”
- (3) In subsection (2A) for “income to which section 1A applies” to the end substitute “—
- (a) income chargeable under Chapter 4 of Part 4 of ITTOIA 2005 (dividends from non-UK resident companies); or
 - (b) a relevant foreign distribution chargeable under Chapter 8 of Part 5 of that Act (income not otherwise charged).”
- (4) After that subsection insert—
- “(2B) In subsection (2A) “relevant foreign distribution” means any distribution of a company not resident in the United Kingdom which—
- (a) is not chargeable under Chapter 4 of Part 4 of ITTOIA 2005, but
 - (b) would be chargeable under Chapter 3 of that Part if the company were resident in the United Kingdom.”

281^{F101}

Textual Amendments

F101 Sch. 1 para. 281 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

282 ^{F102}

Textual Amendments

F102 Sch. 1 para. 281-283 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

283 ^{F103}

Status: Point in time view as at 21/07/2009.

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Textual Amendments

F103 Sch. 1 para. 281-283 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

^{F104}284

Textual Amendments

F104 Sch. 1 paras. 284-287 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

^{F104}285

Textual Amendments

F104 Sch. 1 paras. 284-287 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

^{F104}286

Textual Amendments

F104 Sch. 1 paras. 284-287 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

^{F104}287

Textual Amendments

F104 Sch. 1 paras. 284-287 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

288 ^{F105}

Textual Amendments

F105 Sch. 1 para. 288 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

289 Omit section 699 (relief from higher rate tax for inheritance tax on accrued income).

^{F106}290

Textual Amendments

F106 Sch. 1 para. 290 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

291 (1) Amend section 700 (adjustments and information) as follows.

Status: Point in time view as at 21/07/2009.

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F107(2)

F107(3)

F107(4)

(5) In subsection (4) after “this Part” insert “ or Chapter 6 of Part 5 of ITTOIA 2005 ”.

(6) In subsection (5)—

- (a) in paragraph (a) for “a year of assessment” substitute “ an accounting period ”
- (b) omit “and” at the end of paragraph (a),
- (c) after paragraph (a) insert—
 - “(aa) the amount treated as estate income under Chapter 6 of Part 5 of ITTOIA 2005 in respect of that interest or the exercise of that discretion for which he is liable to income tax for a year of assessment, and”,
- (d) in paragraph (b) after “paragraph (a)” insert “ or (aa) ”,
- (e) for “any year of assessment” substitute “ any accounting period under this Part or treated as estate income under that Chapter ”,
- (f) after “the purposes of this Part” insert “ or that Chapter ”, and
- (g) for “paragraphs (a) and (b)” substitute “ paragraphs (a) to (b) ”.

Textual Amendments

F107 Sch. 1 para. 291(2)-(4) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

F108 292

Textual Amendments

F108 Sch. 1 para. 292 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

293 F109

Textual Amendments

F109 Sch. 1 para. 293-299 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, Sch. 3 Pt. 1 (with transitional provisions and savings in Sch. 2)

294 F110

Textual Amendments

F110 Sch. 1 para. 293-299 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, Sch. 3 Pt. 1 (with transitional provisions and savings in Sch. 2)

295 F111

Status: Point in time view as at 21/07/2009.

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Textual Amendments

F111 Sch. 1 para. 293-299 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

296 ^{F112}

Textual Amendments

F112 Sch. 1 para. 293-299 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

297 ^{F113}

Textual Amendments

F113 Sch. 1 para. 293-299 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

298 ^{F114}

Textual Amendments

F114 Sch. 1 para. 293-299 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

299 ^{F115}

Textual Amendments

F115 Sch. 1 para. 293-299 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

^{F116}300

Textual Amendments

F116 [Sch. 1 para. 300](#) omitted (with effect in accordance with [Sch. 25 para. 10](#) of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 25 para. 9\(3\)\(e\)](#)

301 Omit section 730C (exchanges of gilts: traders etc.).

^{F117}302

Textual Amendments

F117 Sch. 1 para. 302 omitted (with effect in accordance with s. 66(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), s. 66(4)(k)

Status: Point in time view as at 21/07/2009.

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F118 303

Textual Amendments

F118 Sch. 1 para. 303 omitted (with effect in accordance with s. 66(8) of the amending Act) by virtue of Finance Act 2008 (c. 9), s. 66(4)(k)

304 F119

Textual Amendments

F119 Sch. 1 paras. 304-307 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, Sch. 3 Pt. 1 (with transitional provisions and savings in Sch. 2)

305 F120

Textual Amendments

F120 Sch. 1 paras. 304-307 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, Sch. 3 Pt. 1 (with transitional provisions and savings in Sch. 2)

306 F121

Textual Amendments

F121 Sch. 1 paras. 304-307 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, Sch. 3 Pt. 1 (with transitional provisions and savings in Sch. 2)

307 F122

Textual Amendments

F122 Sch. 1 paras. 304-307 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, Sch. 3 Pt. 1 (with transitional provisions and savings in Sch. 2)

308 (1) Amend section 761 (charge to income tax or corporation tax of offshore income gain) as follows.

(2) In subsection (1) for the words from “of that gain shall be treated for all” to the end substitute “of that gain—

(a) shall be treated for all the purposes of the Tax Acts as income arising at the time of the disposal to the person making the disposal, and

(b) shall be charged—

(i) to income tax for the year of assessment in which the disposal is made, or

Status: Point in time view as at 21/07/2009.

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(ii) to corporation tax as a profit or gain under Case VI of Schedule D for the accounting period in which the disposal is made.”

(3) After that subsection insert—

“(1A) The income tax charged by virtue of subsection (1)(b)(i) above shall be charged on the full amount of the income treated as arising in the year of assessment.”

309 In section 762(6) (offshore income gains accruing to persons resident or domiciled abroad)—

- (a) after “740” insert “ above ”, and
- (b) for “Part XV” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 ”.

310 In section 774(1) (transactions between dealing company and associated company)

- (a) after “shall be chargeable” insert “ to tax ”, and
- (b) for “under Case VI of Schedule D” substitute “ (in the case of corporation tax, under Case VI of Schedule D) ”.

311 F123

Textual Amendments
F123 Sch. 1 para. 311 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

312 (1) Amend section 776 (transactions in land: taxation of capital gains) as follows.

(2) In subsection (3)(a) omit the words from “, and which constitutes” to “period in which the gain is realised”.

F124 (3)

(4) In subsection (6)—

(a) in paragraph (a) after “the profits under” insert “ Part 2 of ITTOIA 2005 or ”, F125 ...

F125 (b)

(5) F126

Textual Amendments
F124 Sch. 1 para. 312(3) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))
F125 Sch. 1 para. 312(4)(b) and word repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 645\(2\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))
F126 Sch. 1 para. 312(5) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

313 (1) Amend section 777 (tax avoidance: provisions supplementary to sections 775 and 776) as follows.

Status: Point in time view as at 21/07/2009.

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(2) ^{F127}

(3) In subsection (10) for “Part XV” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 (settlements: amounts treated as income of settlor) ”.

Textual Amendments

F127 Sch. 1 para. 313(2) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

314 (1) Amend section 779 (sale and lease-back: limitation on tax reliefs) as follows.

^{F128}(2)

(3) In subsection (13)—

(a) after paragraph (a) insert—

“(aa) a deduction in calculating the profits of a UK property business;”

(b) in paragraph (c) omit “392 or”, and

(c) after that paragraph insert—

“(ca) a deduction in computing profits or other income or gains chargeable to income tax under or by virtue of any provision to which section 836B applies, or in computing any loss for which relief is allowable under section 392;”.

Textual Amendments

F128 Sch. 1 para. 314(2) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

315 (1) Amend section 780 (sale and lease-back: taxation of consideration received) as follows.

(2) In subsection (3)(b) for “a profit or gain chargeable under Case VI of Schedule D” substitute “ an amount chargeable to tax in accordance with subsection (3A) ”.

(3) After subsection (3) insert—

“(3A) The amount shall be charged—

(a) to income tax, or

(b) to corporation tax as a profit or gain under Case VI of Schedule D.

(3B) The income tax charged by virtue of subsection (3A)(a) above shall be charged on the full amount of the proportion of the consideration concerned arising in the year of assessment; and the person liable for any tax so charged is the lessee.”

316 (1) Amend section 781 (assets leased to traders and others) as follows.

(2) In subsection (1) for “under Case VI of Schedule D for the chargeable period in which the sum is obtained with tax” substitute “ to tax (in the case of corporation tax, under Case VI of Schedule D) for the chargeable period in which the sum is obtained ”.

Status: Point in time view as at 21/07/2009.

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- (3) In subsection (4) after paragraph (a) insert—
- “(ab) a deduction in computing profits or other income or gains chargeable to income tax under or by virtue of any provision to which section 836B applies, or in computing any loss for which relief is allowable under section 392.”.
- (4) In subsection (4)(b) omit “392 or”.
- 317 In section 782(9) (leased assets: special cases) for “section 113 or 337(1)” substitute “ section 18 of ITTOIA 2005 or section 337(1) above (companies beginning or ceasing to carry on trade) ”.
- 318 In section 783(10)(b) (leased assets: supplemental) for “section 660G(1) and (2)” substitute “ section 620 of ITTOIA 2005 ”.
- 319 In section 785 (meaning of “asset”, “capital sum” and “lease” for purposes of sections 781 to 784), in the definition of “capital sum”, after “chargeable” insert “ to income tax under or by virtue of any provision to which section 836B applies or to corporation tax ”.
- 320 (1) Amend section 786 (transactions associated with loans or credit) as follows.
- (2) In subsection (3) for the words from “annuity” to “Schedule D” substitute “ relevant annual payment ”.
- (3) After that subsection insert—
- “(3A) In subsection (3) “relevant annual payment” means a payment which is not interest but is—
- (a) an annuity or other annual payment falling within Part 5 of ITTOIA 2005 and chargeable to income tax otherwise than as relevant foreign income; or
- (b) an annuity or other annual payment chargeable to corporation tax under Case III of Schedule D.”
- (4) In subsection (5) for “he shall be chargeable to tax under Case VI of Schedule D on a sum” substitute “he shall be chargeable—
- (a) to income tax, or
- (b) to corporation tax under Case VI of Schedule D,
- on a sum ”.
- (5) After that subsection insert—
- “(5A) Income tax charged by virtue of subsection (5)(a) above shall be charged on the full amount of the income assigned, surrendered, waived or forgone in the year of assessment.”
- 321 (1) Amend section 788 (relief by agreement with other territories) as follows.
- (2) In subsection (3)(d) for “section 231” substitute “ section 397(1) of ITTOIA 2005 ”.
- ^{F129}(3)

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F129 Sch. 1 para. 321(3) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

- 322 In section 790(11) (unilateral relief) after “and, in the case of an assessment” insert “to corporation tax”.
- 323 (1) Amend section 804 (relief against income tax in respect of earlier years of commencement) as follows.
- (2) In subsections (5)(b) and (5A)(b) for “section 63A(1) or (3)” substitute “section 205 or 220 of ITTOIA 2005”.
- (3) In subsection (5B)(a)—
- (a) for “under Case VI of Schedule D” substitute “to income tax”, and
- (b) after “equal to the excess” insert “and be liable for any tax so chargeable”.
- (4) In subsection (5C) for “section 63A(1)” substitute “section 220 of ITTOIA 2005”.
- (5) In subsection (8), in the definition of “overlap profit” for “sections 60 to 62” substitute “Chapter 15 of Part 2 of ITTOIA 2005”.
- 324 In section 806K(2) (application of foreign dividend provisions to branches or agencies in the UK of persons resident elsewhere) after paragraph (b) insert—
- “(bb) in relation to income tax, take any reference to a dividend chargeable under Case V of Schedule D as a reference to a dividend chargeable under Chapter 4 of Part 4 of ITTOIA 2005;”.
- 325 In section 807(1)(b) (sale of securities with or without accrued interest) for “Case IV or V of Schedule D” substitute “ITTOIA 2005 on relevant foreign income”.
- 326 In section 812(1) (withdrawal of right to tax credit of certain non-resident companies connected with unitary states)—
- (a) for “section 231(3)” substitute “section 397(2)(a) of ITTOIA 2005”, and
- (b) for “or, where” substitute “nor, by virtue of section 30(9) of the Finance (No. 2) Act 1997, where”.

^{F130}327

Textual Amendments

F130 Sch. 1 para. 327 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

328 ^{F131}

Textual Amendments

F131 Sch. 1 para. 328 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in Sch. 2)

329 ^{F132}

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F132 Sch. 1 para. 329 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

- 330 In section 821(1) (under-deductions from payments made before passing of annual Act)—
 - (a) after “assessment” insert “ or accounting period ”,
 - (b) after “quarterly payments” insert “ (or half-periodic or quarterly payments) ”,
 - (c) after “income” insert “ or corporation ”,
 - (d) after “year”, in the second and third places where it occurs, insert “ or period ”,
 - (e) after “charged”, in the fourth place where it occurs, insert “ in respect of those payments to income tax under Chapter 2 of Part 4 of ITTOIA 2005 (interest) or shall be charged to corporation tax under ”, and
 - (f) omit “in respect of those payments”.
- 331 (1) Section 824 (repayment supplements: individuals and others) is amended as follows.
 - (2) In subsection (4A)(b) for “section 231” substitute “ section 397(1) of ITTOIA 2005 ”.
 - (3) Omit subsection (8).
 - (4) In subsection (9) for “to (8)” substitute “ to (7) ”.

^{F133}332

Textual Amendments

F133 Sch. 1 para. 332 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

333 ^{F134}

Textual Amendments

F134 Sch. 1 para. 333 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

- 334 (1) Amend section 828 (orders and regulations made by the Treasury or the Board) as follows.
 - (2) In subsection (4) omit “324,”.
 - (3) In subsection (5)—
 - (a) ^{F135}
 - (b) ^{F135}
 - (c) for “that Act” substitute “ either of those Acts ”.

Status: Point in time view as at 21/07/2009.

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Textual Amendments

F135 Sch. 1 para. 334(3)(a)(b) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in Sch. 2)

F136 335

Textual Amendments

F136 Sch. 1 para. 335 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

336 In section 831(3) (interpretation of ICTA) after the entry relating to “ITEPA 2003” insert—

““ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005;”.

337 In section 832(1) (interpretation of the Tax Acts)—

(a) for the definition of “overseas property business” substitute—

““overseas property business”—

(a) for the purposes of income tax, has the meaning given by Chapter 2 of Part 3 of ITTOIA 2005;

(b) for the purposes of corporation tax, has the meaning given by section 70A(4);”.

(b) **F137**

(c) in the definition of “Schedule A business” for “income tax” substitute “corporation tax”.

(d) **F137**

(e) for the definition of “tax credit” substitute—

““tax credit” means—

(a) a tax credit under section 231 for the purposes of corporation tax; and

(b) a tax credit under section 397(1) of ITTOIA 2005 for the purposes of income tax;”.

(f) **F137**

(g) omit the definition of “Ulster Savings Certificates”.

Textual Amendments

F137 Sch. 1 para. 337(b)(d)(f) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in Sch. 2)

338 **F138**

Status: Point in time view as at 21/07/2009.

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Textual Amendments

F138 Sch. 1 para. 338-340 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

339 **F139**

Textual Amendments

F139 Sch. 1 para. 338-340 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

340 **F140**

Textual Amendments

F140 Sch. 1 para. 338-340 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

341 In section 839(3) (connected persons) for “Chapter 1A of Part XV (see section 660G(1) and (2))” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act) ”.

342 Omit Schedule 4A (creative artists: relief for fluctuating profits).

343 (1) Amend Schedule 5 (treatment of farm animals etc for the purposes of Case I of Schedule D) as follows.

(2) In paragraph 1—

- (a) after “profits” insert “ chargeable to corporation tax ”, and
- (b) for “his” substitute “ its ”.

(3) In paragraph 2—

- (a) in sub-paragraph (1) for “he” substitute “ the farmer ”,
- (b) omit sub-paragraphs (3)(a), (4)(a) and (5), and
- (c) in sub-paragraph (6), omit the definitions of “commencement year” and “qualifying year of assessment”.

(4) In paragraph 3—

- (a) in sub-paragraph (1) after “profits” insert “ chargeable to corporation tax ”,
- (b) in sub-paragraph (3)(b) for “him” substitute “ the farmer ”,
- (c) in sub-paragraph (9)(a) for “his” substitute “ the seller's ”, and
- (d) in sub-paragraph (10)(b) for “him” substitute “ the farmer ”.

(5) In paragraph 4—

- (a) for “him” substitute “ the farmer ”, and
- (b) for “he” substitute “ the farmer ”.

(6) In paragraph 5(1) after “profits” insert “ chargeable to corporation tax ”.

(7) In paragraph 6—

- (a) in sub-paragraph (1)—

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- (i) for “his” substitute “ its ”, and
 - (ii) for “him” substitute “ the farmer ”,
 - (b) omit sub-paragraphs (2)(a), and (3)(a), and
 - (c) in sub-paragraph (4), omit the definition of “qualifying year of assessment”.
- (8) In paragraph 8—
 - (a) for “him”, in each place it occurs, substitute “ the farmer ”,
 - (b) in sub-paragraph (7)—
 - (i) before “tax” insert “ corporation ”, and
 - (ii) for “chargeable period” substitute “ accounting period ”.
- (9) In paragraph 11 for “chargeable period” substitute “ accounting period ”.
- 344 Omit Schedule 5AA (guaranteed returns on transactions in futures and options).
- 345 Omit Schedule 15A (contractual savings schemes).
- 346 (1) Amend Schedule 15B (venture capital trusts: relief from income tax) as follows.
 - (2) In paragraph 4(1) and (2) omit “under Case VI of Schedule D”.
 - (3) Omit paragraphs 7 to 9.
- 347 (1) Amend Schedule 20 (charities: qualifying investments and loans) as follows.
 - (2) After paragraph 7 insert—

“7A Uncertificated eligible debt security units as defined in section 552(2) of ITTOIA 2005.”
 - (3) In paragraph 8 for “section 56(5)” substitute “ for corporation tax purposes in section 56(5) above and for income tax purposes in section 552(2) of ITTOIA 2005 ”.
- 348 (1) Amend Schedule 22 (reduction of pension fund surpluses) as follows.
 - (2) In paragraph 7(3)(c) for the words from “section 56” to “that section” substitute “ section 551 of ITTOIA 2005 shall by virtue of section 56(3)(b) of this Act ”.
 - (3) After paragraph 7 insert—

“7A (1) This paragraph applies if a calculation falls to be made under paragraph 7 above in a case where—

 - (a) relief is to be given under section 454 of ITTOIA 2005 (listed deeply discounted securities held since 26th March 2003: relief for losses) in respect of a loss sustained on the disposal of securities, and
 - (b) had there been a profit on the disposal it would have been eligible for relief from tax for the year of assessment in which the loss is sustained by virtue of section 592(2).
 - (2) That relief is to be given before the calculation under paragraph 7 above is made.
 - (3) Then the amount of income to which the specified percentage is applied by virtue of sub-paragraph (3)(a) of that paragraph is reduced by the amount of that relief.
 - (4) In this paragraph “disposal” has the same meaning as in Chapter 8 of Part 4 of ITTOIA 2005.”

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- 349 In paragraph 11A(4) of Schedule 24 (assumptions for calculating chargeable profits etc. of foreign companies) after “the Capital Allowances Act” insert “ or section 48 of ITTOIA 2005 ”.
- 350 (1) Amend Schedule 27 (distributing funds) as follows.
- (2) ^{F141}
- (3) ^{F141}
- (4) In paragraph 5(5) after “1996” insert “ or section 714 or 715 of ITTOIA 2005 ”.

Textual Amendments

F141 Sch. 1 para. 350(2)(3) repealed (20.7.2005) by [Finance \(No. 2\) Act 2005 \(c. 22\), s. 70](#), {Sch. 11 Pt. 2(3) Note 1}

- 351 (1) Amend Schedule 28AA (provision not at arm's length) as follows.
- ^{F142}(2)
- (3) In paragraph 6E after “Schedule D” insert “ or Chapter 2 of Part 4 of ITTOIA 2005 ”.
- (4) In paragraph 11(1) after “section 492(1)” insert “ above or section 16(1) of ITTOIA 2005 ”.

Textual Amendments

F142 Sch. 1 para. 351(2) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

- 352 (1) Amend Schedule 30 (transitional provisions and savings) as follows.
- ^{F143}(2)
- (3) Omit paragraphs 18 and 18A.

Textual Amendments

F143 Sch. 1 para. 352(2) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

PART 2 **U.K.**

OTHER ENACTMENTS

Finance Act 1950 (c. 15)

- 353 The Finance Act 1950 is amended as follows.
- 354 In section 40(3) (modification of section 39 in case of recoveries by assignees and in certain cases of subsidiary companies)—
- (a) omit “by the Special Commissioners under Case VI of Schedule D”, and

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(b) omit “under that Case”.

Chevening Estate Act 1959 (c. 49)

355 The Chevening Estate Act 1959 is amended as follows.

356 (1) Amend section 2 (provisions as to income tax, estate duty and stamp duty) as follows.

(2) In subsection (1)—

- (a) omit paragraph (a),
- (b) in paragraph (b) for “Schedule D” substitute “ Part 3 of the Income Tax (Trading and Other Income) Act 2005 ”, and
- (c) in paragraph (c) for the words from “Schedule C” to “annual payment” substitute “ the provisions of the Income Tax (Trading and Other Income) Act 2005 specified in subsection (1A) in respect of the income chargeable under those provisions ”.

(3) After subsection (1) insert—

“(1A) The provisions are—

- (a) Chapter 2 of Part 4 (interest) so far as the income is yearly interest or public revenue dividends (as defined in section 505(1A) of the Income and Corporation Taxes Act 1988),
- (b) Chapter 7 of that Part (purchased life annuity payments),
- (c) Chapter 10 of that Part (distributions from unauthorised unit trusts),
- (d) Chapter 13 of that Part (sales of foreign dividend coupons) so far as the income arises from foreign holdings within section 571(1)(a) (meaning of “foreign holdings” in that Chapter),
- (e) Chapter 2 of Part 5, so far as it relates to annual payments (receipts from intellectual property),
- (f) Chapter 4 of that Part, so far as it relates to annual payments (certain telecommunication rights: non-trading income), and
- (g) Chapter 7 of that Part (annual payments not otherwise charged).”

Taxes Management Act 1970 (c. 9)

357 The Taxes Management Act 1970 is amended as follows.

358 (1) Amend section 7 (notice of liability to income tax and capital gains tax) as follows.

(2) In subsection (6)—

- (a) in paragraph (c) for “Schedule F” substitute “ Chapter 3 of Part 4 of ITTOIA 2005 (dividends etc. from UK resident companies etc.) ”, and
- (b) for “Schedule F”, in the second place where it occurs, substitute “ dividend ”.

(3) In subsection (9) in each of paragraphs (a) and (aa) for “Chapter II of Part XIII of the principal Act” substitute “ Chapter 9 of Part 4 of ITTOIA 2005 ”.

359 In section 8(1AA)(b) (personal returns) for “section 231 of the principal Act” substitute “ section 397(1) of ITTOIA 2005 ”.

360 In section 8A(1AA)(b) (trustee's returns) for “section 231 of the principal Act” substitute “ section 397(1) of ITTOIA 2005 ”.

361 In section 9(1) (returns to include self-assessment)—

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- (a) in paragraph (b) for “section 231 of the principal Act” substitute “ section 397(1) of ITTOIA 2005 ”,
 - (b) omit “233(1),” and “ , 249(4), 421(1) or 547(5)”, and
 - (c) for “or section 626 of ITEPA 2003” substitute “ , section 626 of ITEPA 2003 or section 399(2), 400(2), 414(1), 421(1) or 530(1) of ITTOIA 2005 ”.
- 362 Omit section 9D (choice between different Cases of Schedule D).
- 363 In section 12AA(1A)(b) (partnership returns) for “section 231 of the principal Act” substitute “ section 397(1) of ITTOIA 2005 ”.
- 364 In section 12AB(5) (partnership return to include partnership statement) in the definition of “tax credit” after “applies” insert “ in the case of corporation tax and section 397(1) of ITTOIA 2005 applies in the case of income tax ”.
- 365 In section 12AE(2) (choice between different Cases of Schedule D) omit paragraph (a).
- 366 (1) Amend section 18 (interest paid without deduction of income tax) as follows.
- (2) In subsection (3E)(b) for “relevant” substitute “ deeply ”.
 - (3) For subsection (3F) substitute—
 - “(3F) In subsection (3E)(b) above “deeply discounted security” has the same meaning as in Chapter 8 of Part 4 of ITTOIA 2005 (profits from deeply discounted securities) (see section 430 of that Act).”
- 367 (1) Amend section 19 (information for purposes of Schedule A) as follows.
- (2) In subsection (1) after “profits or gains chargeable to tax” insert “ under Chapter 3 of Part 3 of ITTOIA 2005 as the profits of a UK property business or ”.
 - (3) In the side-note after “for purposes of” insert “ charge on profits of UK property businesses or under ”.
- 368 In section 27(2) (settled property) for “section 660G(1) and (2) of the principal Act” substitute “ section 620 of ITTOIA 2005 ”.
- 369 In section 30 (recovery of overpayment of tax, etc.) omit subsection (4).
- 370 In section 30A(2) (assessing procedure) for “Schedule” substitute “ Part or Chapter of ITEPA 2003 or ITTOIA 2005 ”.
- 371 In section 31(3) (appeals: right of appeal) omit “9D or”.
- 372 In section 42(7) (procedure for making claims etc.) omit the “and” before paragraph (d) and after that paragraph insert “and
- (e) sections 111(1), 126(2), 129(2), 143, 185, 194 and 326 of ITTOIA 2005.”

F144373

Textual Amendments

F144 Sch. 1 paras. 373-375 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 443**

F144374

Status: Point in time view as at 21/07/2009.

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Textual Amendments

F144 Sch. 1 paras. 373-375 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 443**

F144375

Textual Amendments

F144 Sch. 1 paras. 373-375 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 443**

376 In section 59A(8)(b) (payments on account of income tax) for “section 231 of the principal Act” substitute “ section 397(1) of ITTOIA 2005 ”.

377 (1) Amend section 59B (payment of income tax and capital gains tax) as follows.

(2) In subsection (1)—

- (a) omit “233(1),” and “, 249(4), 421(1) or 547(5)”, and
- (b) for “or section 626 of ITEPA 2003” substitute “, section 626 of ITEPA 2003 or section 399(2), 400(2), 414(1), 421(1) or 530(1) of ITTOIA 2005 ”.

(3) In subsection (2)(b) (payment of income tax and capital gains tax) for “section 231 of that Act” substitute “ section 397(1) of ITTOIA 2005 ”.

F145378

Textual Amendments

F145 Sch. 1 para. 378 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

379 (1) Amend section 98 (special returns, etc) as follows.

(2) In subsection (4DA)(c) for “section 98 of the Finance Act 2004” substitute “ section 758 of ITTOIA 2005 ”.

(3) In the first column of the Table—

- (a) omit the entry relating to regulations under section 326C of ICTA,
- (b) omit the entry relating to section 660F of ICTA, and
- (c) at the end insert—

“Section 75(5) of ITTOIA 2005.

Section 128 of ITTOIA 2005

Section 305 of ITTOIA 2005.

Section 647 of ITTOIA 2005.

Regulations under Chapter 3 of Part 6 of ITTOIA 2005.”

(4) In the second column of the Table—

- (a) omit the entry relating to regulations under section 326C of ICTA, and

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(b) at the end insert—

“Section 75(4) of ITTOIA 2005.

Regulations under Chapter 3 of Part 6 of ITTOIA 2005.”

380 In section 118(1) (interpretation) after the definition of “ITEPA 2003” insert—

““ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005.”.

381 In Schedule 1A (claims etc. not included in returns), in paragraph 10(b), for “(administration of estates)” substitute “ (administration of estates: corporation tax) or Chapter 6 of Part 5 of ITTOIA 2005 (administration of estates: income tax) ”.

382 (1) Amend Schedule 1B (claims for relief involving two or more years) as follows.

(2) In paragraph 1—

(a) in sub-paragraph (2) for the words from “are any of the following” to “and the same” substitute “ is a claim to which this Schedule applies and the same ”, and

(b) in sub-paragraph (3) for “includes—” to the end substitute “ includes a reference to amendments and revocations to which paragraph 4 below applies. ”

(3) In paragraph 3(1)—

(a) for “a trade of farming or market gardening claims that subsection (2) or (3) of section 96 of the principal Act” substitute “ a qualifying trade, profession or vocation (within the meaning of Chapter 16 of Part 2 of ITTOIA 2005) claims that Chapter 16 of Part 2 of ITTOIA 2005 ”, and

(b) after “that trade” insert “ , profession or vocation ”.

(4) In paragraph 4(1)—

(a) in paragraph (a) for “claims that subsection (2) or (3) of section 96 of the principal Act” substitute “ claims that Chapter 16 of Part 2 of ITTOIA 2005 ”, and

(b) in paragraph (b) for “subsection (9) of that section” substitute “ section 224(4) of that Act ”.

(5) In the italic cross-heading before paragraph 4 for “*section 96(9)*” substitute “ *section 224(4) of ITTOIA 2005* ”.

(6) In paragraph 5—

(a) in sub-paragraph (1)—

(i) for “section 108 of the principal Act” substitute “ section 257 of ITTOIA 2005 ”, and

(ii) for the words from “the date” to “change of basis took place” substitute “ the date of the cessation ”, and

(b) in sub-paragraph (5) for “section 105 of the principal Act” substitute “ section 254 of ITTOIA 2005 ”.

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Textual Amendments

F146 Sch. 1 para. 383 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 443**

384 In paragraph 2(4) of Schedule 3A (electronic lodgement of tax returns, etc.) after “ITEPA 2003” insert “ or ITTOIA 2005 ”.

Finance Act 1971 (c. 68)

385 The Finance Act 1971 is amended as follows.

386 In paragraph 8(2)(b) of Schedule 3 (taxation of refunds of contributions and certain other payments) for “to tax on the amount of the payment under Case VI of Schedule D” substitute “—

- (i) to income tax on the full amount of the payment arising in the year of assessment; or
- (ii) to corporation tax on the amount of the payment under Case VI of Schedule D”.

Finance Act 1973 (c. 51)

387 The Finance Act 1973 is amended as follows.

388 In Schedule 15 (territorial extension of charge to tax: supplementary provisions), in paragraphs 2(a) and 4(1), for “or section 830 of the Taxes Act 1988” substitute “, section 830 of the Taxes Act 1988 or section 874 of the Income Tax (Trading and Other Income) Act 2005 ”.

Biological Standards Act 1975 (c. 4)

^{F147}389

Textual Amendments

F147 Sch. 1 para. 389 repealed (1.4.2009) by [Health and Social Care Act 2008 \(c. 14\)](#), s. 170(3)(4), **Sch. 15 Pt. 7**; S.I. 2009/270, art. 2(2)(b)

^{F148}390

Textual Amendments

F148 Sch. 1 para. 390 repealed (1.4.2009) by [Health and Social Care Act 2008 \(c. 14\)](#), s. 170(3)(4), **Sch. 15 Pt. 7**; S.I. 2009/270, art. 2(2)(b)

Oil Taxation Act 1975 (c. 22)

391 The Oil Taxation Act 1975 is amended as follows.

392 In section 3(2) (allowance of expenditure (other than expenditure on long-term assets and abortive exploration expenditure))—

- (a) in the first sentence—

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (i) after “section 579 of the Taxes Act” insert “ or under section 77 of the Income Tax (Trading and Other Income) Act 2005 (“ITTOIA 2005”) ”,
- (ii) after “under that subsection” insert “ or that section ”, and
- (iii) omit “less the amount of the rebate recoverable (within the meaning of that subsection)”, and
- (b) in the second sentence—
 - (i) after “section 492 of the Taxes Act” insert “ or by virtue of section 16 of ITTOIA 2005 ”,
 - (ii) after “paragraph (a) or (b) of that subsection” insert “ or within the definition of “oil-related activities” in section 16(2) of ITTOIA 2005 ”, and
 - (iii) after “if that subsection” insert “ or section ”.

Inheritance Tax Act 1984 (c. 51)

- 393 The Inheritance Tax Act 1984 is amended as follows.
- 394 In section 6(3) (excluded property), in paragraph (e)—
- (a) for “certified contractual savings scheme” substitute “ certified SAYE savings arrangement ”, and
 - (b) for “section 326 of the Taxes Act 1988” substitute “ section 703(1) of the Income Tax (Trading and Other Income) Act 2005 ”.
- 395 In section 21(3) (normal expenditure out of income)—
- (a) for “section 657 of the Taxes Act 1988” substitute “ section 423 of the Income Tax (Trading and Other Income) Act 2005 ”, and
 - (b) for “, for the purposes” to “annuity” substitute “ exempt from income tax under section 717 of that Act ”.
- 396 In section 174(1) (liabilities for which allowance is to be made in determining the value of an estate) in paragraph (b)—
- (a) for “Schedule 13 to the Finance Act 1996 (discounted securities)” substitute “ Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (deeply discounted securities) ”, and
 - (b) for “paragraph 4(2) of that Schedule” substitute “ section 437(2) of that Act ”.

Films Act 1985 (c. 21)

- 397 The Films Act 1985 is amended as follows.
- 398 In section 6(1) (certification of master negatives, tapes and discs) after “1992” insert “ or Chapter 9 of Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”.
- 399 (1) Amend Schedule 1 (certification in case of British films) as follows.
- (2) In paragraph 2(1) (applications for certification of master negatives, tapes or discs) after “1992” insert “ , or Chapter 9 of Part 2 of the Income Tax (Trading and Other Income) Act 2005, ”.
 - (3) In paragraph 3(1) (certification by Secretary of State of master negatives, tapes or discs) at the end insert “ or, as the case may be, Chapter 9 of Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”.

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Finance Act 1988 (c. 39)

400 The Finance Act 1988 is amended as follows.

401 (1) Amend section 38 (maintenance payments under existing obligations: 1989-90 onwards) as follows.

(2) In subsection (1) for paragraph (c) substitute—

“(c) is (apart from this section) within a charge to tax under Chapter 7 of Part 5 of the Income Tax (Trading and Other Income) Act 2005 (annual payments not otherwise charged) and is not, by virtue of Chapter 5 of that Part (settlements), treated for any purpose as the income of the person making it.”

(3) In subsection (9) for the words from “65(1)(b)” to “1988” substitute “ 839 of the Income Tax (Trading and Other Income) Act 2005 (annual payments payable out of relevant foreign income) ”.

402 In section 73(2) (consideration for certain restrictive undertakings)—

(a) for “person” substitute “ company ”, and

(b) for “tax” substitute “ corporation tax ”.

403 In Schedule 6 (commercial woodlands) in paragraph 3(2) for “person” substitute “ company ”.

404 In Schedule 12 (building societies: change of status) for paragraph 7 substitute—

“Certified SAYE savings arrangements

7 Section 702 of the Income Tax (Trading and Other Income) Act 2005 (interest under certified SAYE savings arrangements to be exempt from income tax) shall have effect in relation to any interest (or bonus) payable after the transfer under a savings arrangement which immediately before the transfer was a certified SAYE savings arrangement (within the meaning of section 703(1) of that Act) in relation to the society despite the fact that it ceased to be such an arrangement by reason of the transfer.”

Water Act 1989 (c. 15)

405 In section 95(11) of the Water Act 1989 (vesting in successor company of liability for loans not to affect directions by the Treasury under section 581 of ICTA) for “section 581 of the Income and Corporation Taxes Act 1988” substitute “ section 755 of the Income Tax (Trading and Other Income) Act 2005 ”.

Finance Act 1989 (c. 26)

406 The Finance Act 1989 is amended as follows.

407 In section 68(2) (principal charges to tax: employee share ownership trusts)—

(a) in paragraph (a) for “annual profits or gains whose amount” substitute “ income of an amount that ”, and

(b) for paragraph (b) and the word “and” at the end of it substitute—

“(b) that income shall be chargeable to income tax for the year of assessment in which the event occurs,

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- (ba) the tax so chargeable shall be charged on the full amount of the income the trustees are treated as receiving in the year of assessment,
- (bb) the trustees are liable for any tax so chargeable, and”.
- 408 In section 71(4) (further charges to tax: borrowing)—
- (a) in paragraph (a) for “annual profits or gains whose amount” substitute “income of an amount that”, and
- (b) for paragraph (b) and the word “and” at the end of it substitute—
- “(b) that income shall be chargeable to income tax for the year of assessment at the end of which the further event occurs,
- (ba) the tax so chargeable shall be charged on the full amount of the income the trustees are treated as receiving in the year of assessment,
- (bb) the trustees are liable for any tax so chargeable, and”.
- 409 (1) Amend section 76 (non-approved retirement benefits schemes) as follows.
- (2) In subsection (1) after “Schedule D” insert “ or under Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”.
- (3) In subsection (4)(a) after “Schedule D” insert “ or under Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”.
- (4) In subsection (6C)(a) omit “of the Taxes Act 1988”.
- 410 Omit sections 112 and 113 (security: trades etc.).
- 411 F149

Textual Amendments

F149 Sch. 1 para. 411 repealed (6.4.2007 with effect as stated in [s. 1034\(1\)](#) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

- 412 In paragraph 1 of Schedule 12 (close companies: administrative provisions)—
- (a) omit the word “and” at the end of paragraph (a), and
- (b) after paragraph (b) insert—
- “(c) section 397 of the Income Tax (Trading and Other Income) Act 2005, and
- (d) Chapter 6 of Part 4 of that Act.”

Electricity Act 1989 (c. 29)

- 413 In paragraph 10 of Schedule 11 to the Electricity Act 1989 (vesting in successor company of liability for loans not to affect directions by the Treasury under section 581 of ICTA) for “section 581 of the 1988 Act” substitute “ section 755 of the Income Tax (Trading and Other Income) Act 2005 ”.

Finance Act 1990 (c. 29)

- 414 The Finance Act 1990 is amended as follows.

415 F150

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F150 Sch. 1 para. 415 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

416 (1) Amend section 126 (pools payments for football ground improvements) as follows.

^{F151}(2)

^{F151}(3)

(4) In subsection (4) after “2001” insert “ (general rule excluding contributions: income and corporation tax) ”.

Textual Amendments

F151 [Sch. 1 para. 416\(2\)\(3\)](#) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

Finance Act 1991 (c. 31)

417 The Finance Act 1991 is amended as follows.

^{F152}418

Textual Amendments

F152 [Sch. 1 para. 418](#) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

Social Security Contributions and Benefits Act 1992 (c. 4)

419 The Social Security Contributions and Benefits Act 1992 is amended as follows.

420 (1) Amend section 15 (Class 4 contributions recoverable under the Income Tax Acts) as follows.

(2) In subsection (1)—

- (a) for “annual profits or gains” substitute “ profits ”,
- (b) omit the “and” at the end of paragraph (a),
- (c) in paragraph (b) for “are profits or gains chargeable to income tax under Case I or Case II of Schedule D” substitute “ are profits chargeable to income tax under Chapter 2 of Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”, and
- (d) at the end of that paragraph insert “and
 - (c) are not profits of a trade, profession or vocation carried on wholly outside the United Kingdom.”

(3) In subsections (2), (3) and (3A) omit “or gains” in each place where they occur.

(4) Omit subsection (4).

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- 421 In section 16(1) (application of Income Tax Acts and destination of Class 4 contributions) for “Case I or II of Schedule D” substitute “ Chapter 2 of Part 2 of the Income Tax (Trading and Other Income) Act 2005 in respect of the profits of a trade, profession or vocation which is not carried on wholly outside the United Kingdom ”.
- 422 (1) Amend Schedule 2 (levy of Class 4 contributions with income tax) as follows.
- (2) In paragraph 1 after paragraph (a) insert—
- “(ab) “ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005;”.
- (3) In paragraph 2 for “profits or gains” to the end substitute “profits—
- (a) which are the profits of any relevant trade, profession or vocation which is not carried on wholly outside the United Kingdom, and
- (b) which are chargeable to income tax under Chapter 2 of Part 2 of ITTOIA 2005.”
- (4) In paragraphs 3(1), (4) and (5) and 4 omit “or gains” in each place where they occur.
- (5) In paragraph 5—
- (a) in paragraph (a) omit “or gains”, and
- (b) in paragraph (b)—
- (i) for “section 59 of the 1988 Act” substitute “ section 8 of ITTOIA 2005 ”, and
- (ii) omit “or gains”.
- (6) In paragraph 7 omit “or gains”.

Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7)

- 423 The Social Security Contributions and Benefits (Northern Ireland) Act 1992 is amended as follows.
- 424 (1) Amend section 15 (Class 4 contributions recoverable under the Income Tax Acts) as follows.
- (2) In subsection (1)—
- (a) for “annual profits or gains” substitute “ profits ”,
- (b) omit the “and” at the end of paragraph (a),
- (c) in paragraph (b) for “are profits or gains chargeable to income tax under Case I or Case II of Schedule D” substitute “ are profits chargeable to income tax under Chapter 2 of Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”, and
- (d) at the end of that paragraph insert “and
- (c) are not profits of a trade, profession or vocation carried on wholly outside the United Kingdom.”
- (3) In subsections (2), (3) and (3A) omit “or gains” in each place where they occur.
- (4) Omit subsection (4).
- 425 (1) Amend Schedule 2 (Schedule 2 to the Social Security Contributions and Benefits Act 1992: levy of Class 4 contributions with income tax) as follows.

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- (2) In paragraph 1 after paragraph (a) insert—
 - “(ab) “ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005;”.
- (3) In paragraph 2 for “profits or gains” to the end substitute “profits—
 - (a) which are the profits of any relevant trade, profession or vocation which is not carried on wholly outside the United Kingdom, and
 - (b) which are chargeable to income tax under Chapter 2 of Part 2 of ITTOIA 2005.”
- (4) In paragraphs 3(1), (4) and (5) and 4 omit “or gains” in each place where they occur.
- (5) In paragraph 5—
 - (a) in paragraph (a) omit “or gains”, and
 - (b) in paragraph (b)—
 - (i) for “section 59 of the 1988 Act” substitute “ section 8 of ITTOIA 2005 ”, and
 - (ii) omit “or gains”.
- (6) In paragraph 7 omit “or gains”.

Taxation of Chargeable Gains Act 1992 (c. 12)

426 The Taxation of Chargeable Gains Act 1992 is amended as follows.

F153 427

Textual Amendments

F153 Sch. 1 para. 427 omitted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 2 para. 21(h)

F154 428

Textual Amendments

F154 Sch. 1 para. 428 omitted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 2 para. 21(h)

F155 429

Textual Amendments

F155 Sch. 1 para. 429 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. 79(b)

430 In section 41(4) (restriction of losses by reference to capital allowances and renewals allowances)—

- (a) in paragraph (b) after “Taxes Act” insert “ or any deduction under section 315 of ITTOIA 2005 ”, and
- (b) in paragraph (c) after “Taxes Act” insert “ or section 170 of ITTOIA 2005 ”.

Status: Point in time view as at 21/07/2009.

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- 431 (1) Amend section 59 (partnerships) as follows.
- (2) Renumber the existing text as subsection (1).
- (3) After that subsection insert—
- “(2) Subsection (3) applies if—
- (a) a person resident in the United Kingdom (“the resident partner”) is a member of a partnership which resides outside the United Kingdom or which carries on any trade, profession or business the control and management of which is situated outside the United Kingdom, and
- (b) by virtue of any arrangements falling within section 788 of the Taxes Act (“the arrangements”) any of the capital gains of the partnership are relieved from capital gains tax in the United Kingdom.
- (3) The arrangements do not affect any liability to capital gains tax in respect of the resident partner's share of any capital gains of the partnership.”
- 432 In section 97(7) (supplementary provisions) for “section 660G(1) and (2) of the Taxes Act” substitute “section 620 of ITTOIA 2005”.
- 433 (1) Amend section 117 (meaning of qualifying corporate bond) as follows.
- (2) In subsection (2AA) for “relevant discounted security for the purposes of Schedule 13 to the Finance Act 1996” substitute “deeply discounted security for the purposes of Chapter 8 of Part 4 of ITTOIA 2005 (see section 430)”.
- (3) In subsection (6C) for “Schedule 13 to the Finance Act 1996 (relevant discounted securities)” substitute “Chapter 8 of Part 4 of ITTOIA 2005 (profits from deeply discounted securities) (see section 433)”.
- 434 (1) Amend section 142 (capital gains on stock dividends) as follows.
- (2) In subsection (1) for the words from “section 249” to “that section” substitute “section 410(2), (3) or (4) of ITTOIA 2005 applies”.
- (3) In subsection (3) for “the appropriate amount in cash (within the meaning of section 251(2) to (4) of the Taxes Act)” substitute “the cash equivalent of the share capital in accordance with section 412 of ITTOIA 2005”.
- 435 After section 148 insert—

“148A Futures and options involving guaranteed returns

- (1) Profits and gains that are chargeable under Chapter 12 of Part 4 of ITTOIA 2005 are not to be brought into account for the purposes of capital gains tax, except where section 148B applies.
- (2) Where—
- (a) losses are sustained by a person from a disposal, and
- (b) had profits or gains arisen to the person from the disposal, they would be chargeable under that Chapter,
- the losses are not to be brought into account for the purposes of capital gains tax, except where section 148C applies.

Status: Point in time view as at 21/07/2009.

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148B Deemed disposals at a gain under section 564(4) of ITTOIA 2005

- (1) This section deals with how this Act applies where profits or gains arising to a person from such a disposal as is referred to in section 564(4) of ITTOIA 2005 (“the deemed disposal”) are chargeable to tax under Chapter 12 of Part 4 of that Act.
- (2) Amounts taken into account or allowable as deductions in calculating the profits or gains are not to be excluded from any calculation made for the purposes of this Act as a result of section 37 or 39.
- (3) For the purposes of this Act the amount of the consideration for the acquisition by the person of any asset the person disposes of by the future running to delivery or the exercise of the option is increased by the amount of the profits or gains chargeable under Chapter 12 of Part 4 of ITTOIA 2005.
- (4) Any increase made as a result of subsection (3) is to be disregarded in calculating any indexation allowance.
- (5) For the purposes of this Act the amount of the consideration for the acquisition of any asset acquired by the person by means of the future running to delivery or the exercise of the option is increased by the amount of the profits or gains chargeable under Chapter 12 of Part 4 of ITTOIA 2005.
- (6) If the deemed disposal is a disposal of an option by the grantor, for the purposes of subsections (3) to (5) any determination—
 - (a) whether profits or gains arose to the grantor from that disposal, and
 - (b) of the amount of those profits or gains,is to be made as if the deemed disposal and the disposal by which the option was granted were a single transaction.
- (7) Section 565 of ITTOIA 2005 (interpretation of section 564 of that Act) applies for the purposes of this section as it applies for the purposes of section 564 of that Act.

148C Deemed disposals at a loss under section 564(4) of ITTOIA 2005

- (1) This section deals with how this Act applies where a loss sustained by a person from such a disposal as is referred to in section 564(4) of ITTOIA 2005 (“the deemed disposal”) is brought into account for the purposes of section 392 of ICTA (losses).
- (2) Amounts taken into account or allowable as deductions in calculating that loss are not to be excluded from any calculation made for the purposes of this Act as a result of section 37 or 39.
- (3) If the deemed disposal is a disposal of an option by the grantor, for the purposes of subsections (4) and (5) any determination—
 - (a) whether the grantor sustained a loss from that disposal, and
 - (b) of the amount of that loss,is to be made as if the deemed disposal and the disposal by which the option was granted were a single transaction.
- (4) If the loss from the deemed disposal equals or is less than—

Status: Point in time view as at 21/07/2009.

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- (a) the amount of the consideration for the acquisition of any asset acquired by the person sustaining the loss by means of the future running to delivery or the exercise of the option, or
- (b) the amount of the consideration for the acquisition by that person of any asset the person disposes of by the future running to delivery or the exercise of the option,
- for the purposes of this Act the amount of that consideration is reduced by the amount of the loss.
- (5) If the loss from the deemed disposal exceeds the amount of that consideration—
- (a) that consideration is reduced to nil, and
- (b) an amount equal to the excess is treated for the purposes of this Act as a chargeable gain accruing to the person sustaining the loss on the appropriate occasion.
- (6) In a case where the consideration mentioned in subsection (4)(a) is reduced under subsection (5)(a), the appropriate occasion is the first occasion after the acquisition mentioned in subsection (4)(a) when there is a disposal of the asset in question.
- (7) In a case where the consideration mentioned in subsection (4)(b) is so reduced, the appropriate occasion is the disposal the person sustaining the loss makes by the future running to delivery or the exercise of the option, as the case may be.
- (8) In subsection (6) the reference to a disposal of the asset in question includes a reference to anything that would be such a disposal but for section 116(10) or 127.
- (9) In subsections (6) and (7) the references to a disposal include references to a disposal which, in accordance with this Act, would (apart from subsection (5)(b)) be a disposal on which neither a gain nor a loss accrues.
- (10) Section 565 of ITTOIA 2005 (interpretation of section 564) applies for the purposes of this section as it applies for the purposes of section 564.”
- 436 In section 151 (personal equity plans) for subsections (2) and (2A) substitute—
- “ (2) The provisions of Chapter 3 of Part 6 of ITTOIA 2005 (income from individual investment plans), except section 694(1) and (2), shall apply in relation to regulations made under subsection (1) as they apply to regulations made under section 694(1), but with the substitution for any reference to income tax of a reference to capital gains tax.”
- 437 In section 151A(6) (venture capital trusts: reliefs) for the words from “in accordance” to the end of the subsection substitute “ as references to shares not acquired within the limit in section 709(4) of ITTOIA 2005; and the question whether shares are acquired within that limit shall be determined as it is for the purposes of Chapter 5 of Part 6 of that Act. ”
- 438 After section 151B insert—
- “151C Strips: manipulation of price: associated payment giving rise to loss**
- (1) This section applies if—

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- (a) as a result of any scheme or arrangement which has an unallowable purpose, the circumstances are, or might have been, as mentioned in paragraph (a), (b) or (c) of section 449(2) of ITTOIA 2005,
 - (b) under the scheme or arrangement, a payment falls to be made otherwise than in respect of the acquisition or disposal of a strip, and
 - (c) as a result of that payment or the circumstances in which it is made, a loss accrues to any person.
 - (2) The loss shall not be an allowable loss.
 - (3) For the purposes of this section a scheme or arrangement has an unallowable purpose if the main benefit, or one of the main benefits that might have been expected to result from, or from any provision of, the scheme or arrangement (apart from section 449 of ITTOIA 2005 and this section) is—
 - (a) the obtaining of a tax advantage by any person, or
 - (b) the accrual to any person of an allowable loss.
 - (4) The reference in subsection (1)(b) to the acquisition or disposal of a strip shall be construed as if it were in Chapter 8 of Part 4 of ITTOIA 2005 (profits from deeply discounted securities) (see, in particular, sections 437 and 445 of that Act for the meaning of “disposal” and “acquisition” and section 444 of that Act for the meaning of “strip”).
 - (5) In subsection (3)(a) “tax advantage” has the meaning given by section 709(1) of the Taxes Act.
 - (6) This section applies to losses accruing on or after 17th March 2004.”
- 439 In section 156(4) (assets of Class 1) after “Taxes Act” insert “ or section 19 of ITTOIA 2005 ”.
- 440 In section 198(5)(b) (replacement of business assets used in connection with oil fields) after “the Taxes Act” insert “ or defined as “oil-related activities” in section 16(2) of ITTOIA 2005 ”.
- 441 (1) Amend section 241 (furnished holiday lettings) as follows.
- (2) For subsection (2) substitute—
 - “(2) For the purposes of this section as it applies to capital gains tax the “commercial letting of furnished holiday accommodation” has the same meaning as it has for the purposes of Chapter 6 of Part 3 of ITTOIA 2005.
- For the purposes of this section as it applies to corporation tax in respect of chargeable gains the “commercial letting of furnished holiday accommodation” has the meaning given by section 504 of the Taxes Act.”
- (3) In subsection (3)(a) for the words from “Schedule A business” to “Kingdom” substitute “ UK property business (within the meaning of the Taxes Act), or any Schedule A business (within the meaning of that Act), which consists of, or so far as it consists of, the commercial letting of furnished holiday accommodation ”.
- 442 In section 251(8)(b) (general provisions concerning debts) for “relevant discounted security for the purposes of Schedule 13 to that Act if paragraph 3(2)(c) of that Schedule” substitute “ deeply discounted security for the purposes of Chapter 8 of Part 4 of ITTOIA 2005 if section 432(2) of that Act ”.

Status: Point in time view as at 21/07/2009.

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- 443 In section 254(1)(c) (definition of “a qualifying loan” for relief for debts on qualifying corporate bonds) for “relevant” and “Schedule 13 to the Finance Act 1996” substitute respectively “deeply” and “Chapter 8 of Part 4 of ITTOIA 2005”.
- 444 After section 261 insert—

“Know-how

261A Disposal of know-how as part of disposal of all or part of a trade

- (1) This section applies if—
- (a) a person carrying on a trade receives consideration for the disposal of know-how which has been used in the trade, and
 - (b) the know-how is disposed of as part of the disposal of all or part of the trade.
- (2) If, as a result of section 194 of ITTOIA 2005, the consideration is treated for income tax purposes as—
- (a) a capital receipt for goodwill (in relation to the person disposing of the know-how), or
 - (b) a capital payment for goodwill (in relation to the person acquiring the know-how),
- the consideration is treated for capital gains tax purposes in the same way.
- (3) This section has effect as if it were contained in Chapter 14 of Part 2 of ITTOIA 2005.”
- 445 (1) Amend section 271 (miscellaneous exemptions) as follows.
- (2) In subsection (1)(f) for “section 322 of the Taxes Act” substitute “ section 771 of ITTOIA 2005 ”.
- (3) In subsection (4)—
- (a) for “bonus”, in both places, substitute “ interest ”,
 - (b) for “section 326 or 326A of the Taxes Act (certified contractual savings schemes and tax-exempt special savings accounts)” substitute “ section 702 of ITTOIA 2005 (certified SAYE savings arrangements) ”,
 - (c) for “savings scheme”, in the first place where it occurs, substitute “ savings arrangement ”,
 - (d) for “certified contractual savings scheme” substitute “ certified SAYE savings arrangement ”,
 - (e) for “scheme”, in the last place where it occurs, substitute “ arrangement ”, and
 - (f) at end insert—
- “In this subsection “certified SAYE savings arrangement” has the meaning given by section 703 of ITTOIA 2005.”
- 446 In section 286(3) (connected persons: interpretation) for “Chapter 1A of Part XV of the Taxes Act (see section 660G(1) and (2) of that Act)” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act) ”.
- 447 (1) Amend section 288 (interpretation) as follows.

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(2) In subsection (1) after the definition of “ITEPA 2003” insert—

““ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005;”.

(3) After subsection (7) insert—

“(7A) In the application of this Act to Scotland “surrender” includes renunciation.”

448 In Schedule A1 (application of taper relief), in paragraph 17(6), for “section 660G(1) and (2) of the Taxes Act” substitute “ section 620 of ITTOIA 2005 ”.

449 In Schedule 1 (application of exempt amount and reporting limits in cases involving settled property), in paragraph 2(7), for “section 660G(1) and (2) of the Taxes Act” substitute “ section 620 of ITTOIA 2005 ”.

450 In paragraph 13(7)(h) of Schedule 5B (enterprise investment scheme: re-investment)—

- (a) in sub-paragraph (i) after “trade or profession” insert “ carried on wholly or partly in the United Kingdom ”, and
- (b) in sub-paragraph (ii) for the words from “in computing” to the end substitute “ in calculating for tax purposes the profits of that trade or profession ”.

451 (1) Amend Schedule 8 (leases) as follows.

(2) In paragraph 5—

- ^{F156}(a)
- ^{F156}(b)
- ^{F156}(c)
- (d) for sub-paragraph (5) substitute—

“(5) References in sub-paragraphs (1) and (2) above to a premium include references to—

- (a) a premium deemed to have been received under subsection (4) or (5) of section 34 of the Taxes Act (which correspond to paragraph 3(2) and (3) of this Schedule),
- (b) a sum that becomes payable by the tenant under the terms subject to which a lease is granted in lieu of the whole or a part of the rent for any period,
- (c) a sum that becomes payable by the tenant under the terms subject to which a lease is granted as consideration for the surrender of the lease, and
- (d) a sum that becomes payable by the tenant (otherwise than by way of rent) as consideration for the variation or waiver of any of the terms of a lease.”

(3) In paragraph 6—

(a) for sub-paragraph (1) substitute—

“(1) If—

- (a) under section 37(4) of the Taxes Act (allowance where, by the grant of a sublease, a lessee has converted a capital

Status: Point in time view as at 21/07/2009.

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amount into a right to income) a person is to be treated as paying additional rent in consequence of having granted a sublease, or

- (b) under section 292 of ITTOIA 2005 a person is to be treated as incurring expenses in consequence of having granted a sublease,

the amount of any loss accruing to the person on the disposal by way of the grant of the sublease shall be reduced by the total amount of rent which the person is thereby treated as paying, or the total amount of expenses which the person is thereby treated as incurring, over the term of the sublease (and without regard to whether relief is thereby effectively given over the term of the sublease), but not so as to convert the loss into a gain, or to increase any gain.”

- (b) in sub-paragraph (2) at the end insert “ or by virtue of section 282 of ITTOIA 2005 (assignments for profit of lease granted at undervalue) as a receipt of a UK property business (within the meaning of that Act) ”, and
- (c) in sub-paragraph (3) after “that paragraph” insert “ or under section 301 or 302 of ITTOIA 2005 on a claim under that section, ”.

- (4) For paragraph 7 substitute—

“7 If—

- (a) under section 34(2) and (3) of the Taxes Act any amount is brought into account by virtue of section 34(2) and (3) of the Taxes Act as a receipt of a Schedule A business (within the meaning of that Act) which is or is treated as carried on by any person, or
- (b) under section 277 of ITTOIA 2005 any amount is brought into account by virtue of section 278 of that Act as a receipt of a UK property business (within the meaning of that Act) which is carried on by any person,

that person shall be treated for the purposes of the computation of any gain accruing to him as having incurred at the time the lease was granted expenditure of that amount (in addition to any other expenditure) attributable to the asset under section 38(1)(b).”

- (5) In paragraph 7A after “Schedule A business” insert “ or UK property business ”.

Textual Amendments

F156 Sch. 1 para. 451(2)(a)(b)(c) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

Finance (No. 2) Act 1992 (c. 48)

452 The Finance (No. 2) Act 1992 is amended as follows.

453 (1) Amend section 40A (revenue nature of expenditure on master versions of films) as follows.

- (2) In subsection (1)—

- (a) for “the purposes of the Tax Acts” substitute “ corporation tax purposes ”, and

Status: Point in time view as at 21/07/2009.

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- (b) after “section 40D below” insert “ or section 143 of ITTOIA 2005 (corresponding income tax provision) ”.
- (3) In subsection (2) for “the purposes of the Tax Acts” substitute “ corporation tax purposes ”.
- (4) In the definition of “expenditure of a revenue nature” in subsection (4)(a) after “chargeable to” insert “ corporation ”.
- 454 (1) Amend section 40B (allocation of expenditure to periods) as follows.
- (2) In subsection (1) for “person” substitute “ company within the charge to corporation tax ”.
- (3) In subsection (2) after “section 40D below” insert “ or section 143 of ITTOIA 2005 ”.
- (4) In subsection (3)(b) for “up for a period—” to the end substitute “ up for a period, the accounting period of the company. ”
- (5) In subsection (6) for “made—” to the end substitute “ made not later than two years after the end of the relevant period to which the claim relates. ”
- (6) In subsection (7)(b) at the end insert “ or section 135 of ITTOIA 2005 (income tax provision corresponding to this section) ”.
- 455 In section 40C(1) (cases where section 40B does not apply) after “section 42 below” insert “ or under any of sections 138 to 140 of ITTOIA 2005 (corresponding income tax provisions) ”.
- 456 (1) Amend section 40D (election for sections 40A and 40B not to apply) as follows.
- (2) In subsection (1)(a) after “this section” insert “ or under section 143 of ITTOIA 2005 ”.
- (3) In subsection (2)(a)(i) for “a person who carries” substitute “ a company within the charge to corporation tax carrying ”.
- (4) In subsection (4) for “given—” to the end substitute “ given not later than two years after the end of the relevant period in which the master version of the film is completed. ”
- (5) In subsection (7) at the end insert “ or any of that expenditure is deducted under any of sections 137 to 140 of ITTOIA 2005 (corresponding income tax provisions) ”.
- 457 (1) Amend section 41 (relief for preliminary expenditure) as follows.
- (2) In subsection (1)—
- (a) for “tax purposes”, in the first place where it occurs, substitute “ the purposes of corporation tax ”,
- (b) for “a person” substitute “ a company within the charge to corporation tax ”,
- (c) for “that person” substitute “ the company ”,
- (d) for “him” substitute “ it ”, and
- (e) after “section 40D above” insert “ or section 143 of ITTOIA 2005 ”.
- (3) In subsection (6) for “made—” to the end substitute “ made not later than two years after the end of the relevant period in which the expenditure to which it relates becomes payable. ”

Status: Point in time view as at 21/07/2009.

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- (4) In subsection (7)—
- (a) after “this section” insert “ or section 137 of ITTOIA 2005 (corresponding income tax provision) ”, and
 - (b) for “tax purposes” substitute “ the purposes of corporation tax ”.
- 458 (1) Amend section 42 (relief for production or acquisition expenditure) as follows.
- (2) In subsection (1)—
- (a) for “tax purposes” substitute “ the purposes of corporation tax ”,
 - (b) for “a person” substitute “ a company ”,
 - (c) for “that person” substitute “ the company ”,
 - (d) after “section 40B above” insert “ or section 135 of ITTOIA 2005 ”, and
 - (e) after “section 40D above” insert “ or section 143 of ITTOIA 2005 ”.
- (3) In subsection (4)—
- (a) in paragraph (b) after “section 41 above” insert “ or section 137 of ITTOIA 2005 ”,
 - (b) in paragraph (c) after “this section” insert “ or any provision of Chapter 9 of Part 2 of ITTOIA 2005 ”.
- (4) In subsection (6) for “shall be made—” to the end substitute “—
- (a) shall be made not later than two years after the end of the relevant period to which the claim relates, and
 - (b) shall be irrevocable.”
- (5) In subsection (7) after “section 40B above” insert “ or section 135 of ITTOIA 2005 ”.
- 459 In section 43(1) after the definition of “expenditure of a revenue nature” insert—
- ““ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005.”.
- 460 Omit section 59 (furnished accommodation).
- 461 Omit Schedule 10 (furnished accommodation).

Finance Act 1993 (c. 34)

- 462 The Finance Act 1993 is amended as follows.
- 463 In section 112(7) (employers' pension contributions) in the definition of “basis period” after “Schedule D” insert “ or under Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”.
- 464 (1) Amend section 171 (Lloyd's underwriters etc: taxation of income tax profits) as follows.
- (2) In subsection (2) for paragraphs (a) and (b) substitute—
- “(a) the aggregate of those profits shall be chargeable to tax under Chapter 2 of Part 2 of the Income Tax (Trading and Other Income) Act 2005 as the profits of a trade carried on in the United Kingdom; and
 - (b) accordingly, no part of those profits shall be treated as relevant foreign income, or be charged to tax under any other Part of that Act or any Part of the Income Tax (Earnings and Pensions) Act 2003;”.

Status: Point in time view as at 21/07/2009.

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- (3) In subsection (2B) for “section 231(1) of the Taxes Act 1988” substitute “section 397(1) of the Income Tax (Trading and Other Income) Act 2005”.
- 465 In paragraph 13(4) of Schedule 19 (Lloyd's underwriters etc: repayment of tax deducted etc. from investment income) after “others)” insert “ and section 749 of the Income Tax (Trading and Other Income) Act 2005 (exemption of interest paid under repayment supplements) so far as it relates to interest paid under section 824 of the Taxes Act 1988 ”.
- 466 (1) Amend Schedule 20A (Lloyd's underwriters: conversion to limited liability underwriting) as follows.
- (2) In paragraph 2(2) for “Schedule D” substitute “ Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”.
- (3) In paragraph 7(2) for “Schedule D” substitute “ Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”.

Pension Schemes Act 1993 (c. 48)

- 467 The Pension Schemes Act 1993 is amended as follows.
- 468 In section 158(4) (disclosure of information between government departments etc.)
-
- (a) after “carrying on or have carried on” insert “ wholly or partly in the United Kingdom ”, and
- (b) after “chargeable to tax under” insert “ Part 2 of the Income Tax (Trading and Other Income) Act 2005 or ”.

Pension Schemes (Northern Ireland) Act 1993 (c. 49)

- 469 The Pension Schemes (Northern Ireland) Act 1993 is amended as follows.
- 470 In section 154(4) (disclosure of information between government departments etc.)
-
- (a) after “carrying on or have carried on” insert “ wholly or partly in the United Kingdom ”, and
- (b) after “chargeable to tax under” insert “ Part 2 of the Income Tax (Trading and Other Income) Act 2005 or ”.

Finance Act 1994 (c. 9)

- 471 The Finance Act 1994 is amended as follows.
- 472 (1) Amend Schedule 20 (changes for facilitating self-assessment: transitional provisions and savings) as follows.
- (2) Omit paragraphs 1 to 10.
- (3) In paragraph 11—
- (a) in sub-paragraph (1) omit “Subject to paragraph 12(2) below,”,
- (b) in sub-paragraph (3) for “under Case VI of Schedule D” substitute “ to income tax ”, and
- (c) in sub-paragraph (3) at the end insert “ , and the person shall be liable for any tax so chargeable ”.

Status: Point in time view as at 21/07/2009.

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(4) Omit paragraphs 12 and 13.

- 473 In paragraph 26 of Schedule 24 (vesting in successor company of the British Railways Board of liability for loans to that Board not to affect directions by the Treasury under section 581 of ICTA) for “section 581 of the Taxes Act 1988” substitute “ section 755 of the Income Tax (Trading and Other Income) Act 2005 ”.

Coal Industry Act 1994 (c. 21)

- 474 In paragraph 17(1) of Schedule 4 to the Coal Industry Act 1994 (vesting in successor company of liability for loans not to affect directions by the Treasury under section 581 of ICTA) for “section 581 of the 1988 Act” substitute “ section 755 of the Income Tax (Trading and Other Income) Act 2005 ”.

Finance Act 1995 (c. 4)

- 475 The Finance Act 1995 is amended as follows.
- 476 Omit section 56 (foreign life policies etc).
- 477 In section 73(1)(a) (venture capital trusts: regulations) after “1992” insert “ or Chapter 5 of Part 6 of the Income Tax (Trading and Other Income) Act 2005 ”.
- 478 In section 123 (prevention of exploitation of transitional provisions) for “2(2) and (4), 4(2) and 6(2)(a) and (4) of Schedule 20 to the Finance Act 1994” substitute “ 52 and 53 of Schedule 2 to the Income Tax (Trading and Other Income) Act 2005 ”.
- 479 (1) Amend section 126 (UK representatives of non-residents) as follows.
- (2) In subsections (6) and (7) for “the deemed trade or profession from which the non-resident's share in the partnership's profits or losses is treated for the purposes of section 111 or 114 of the Taxes Act 1988 as deriving” substitute “ the notional or deemed trade or profession ”.
- (3) After subsection (7) insert—
- “(7A) In subsections (6) and (7) “the notional or deemed trade or profession” means—
- (a) the notional trade from which the non-resident's share in the partnership's profits or losses is treated for the purposes of section 852 of the Income Tax (Trading and Other Income) Act 2005 as deriving, or
- (b) the deemed trade or profession from which that share is treated for the purposes of section 114 of the Taxes Act as deriving.”

480 F157

Textual Amendments

F157 Sch. 1 para. 480 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

481 F158

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F158 Sch. 1 para. 481 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

- 482 In section 157(7) (certificates of tax deposit) for “Case III of Schedule D” substitute “ Chapter 2 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (interest) ”.
- 483 In paragraph 3(4) of Schedule 18 (deceased persons' estates) after “Schedule)” insert “ and sections 652, 660 and 665 of the Income Tax (Trading and Other Income) Act 2005 ”.
- 484 (1) Amend Schedule 22 (prevention of exploitation of transitional provisions to facilitate self-assessment) as follows.
- (2) Omit paragraph 2.
- (3) In paragraph 3—
- (a) in sub-paragraph (1)(a) for “paragraph 2(4) of Schedule 20 to the Finance Act 1994” substitute “ paragraph 52 of Schedule 2 to the Income Tax (Trading and Other Income) Act 2005 (“ITTOIA 2005”) ”,
- (b) in sub-paragraph (2) for “the said paragraph 2(4)” substitute “ paragraph 52 of that Schedule ”,
- (c) in sub-paragraph (4), in the definition of “the transitional overlap period”, after “1996-97” insert “ (determined in accordance with paragraph 1 of Schedule 20 to the Finance Act 1994 despite the repeal by ITTOIA 2005 of that paragraph) ” and after “that year” insert “ (as so determined) ”, and
- (d) in sub-paragraph (4), in the definition of “the transitional overlap profit”, for “the said paragraph 2(4)” substitute “ paragraph 52(2) of Schedule 2 to ITTOIA 2005 ”.
- (4) Omit paragraph 4.
- (5) In paragraph 5—
- (a) in sub-paragraph (1) for “paragraph 2(4) of Schedule 20 to the Finance Act 1994” substitute “ paragraph 52 of Schedule 2 to ITTOIA 2005 ”,
- (b) in sub-paragraph (3) for “the said paragraph 2(4)” substitute “ paragraph 52 of Schedule 2 to ITTOIA 2005 ”, and
- (c) in sub-paragraph (5), in the definition of “the transitional overlap profit”, for “the said paragraph 2(4)” substitute “ paragraph 52(2) of Schedule 2 to ITTOIA 2005 ”.
- (6) Omit paragraph 6.
- (7) In paragraph 7—
- (a) in sub-paragraph (1) for “paragraph 6(4) of Schedule 20 to the Finance Act 1994” substitute “ paragraph 53 of Schedule 2 to ITTOIA 2005 ”,
- (b) in sub-paragraph (2) for “the said paragraph 6(4)” substitute “ paragraph 53 of that Schedule ”,
- (c) in sub-paragraph (4), in the definition of “the transitional overlap period”, after “1996-97” insert “ (determined in accordance with paragraph 1 of

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- Schedule 20 to the Finance Act 1994 despite the repeal by ITTOIA 2005 of that paragraph) ” and after “that year” insert “ (as so determined) ”, and
- (d) in sub-paragraph (4), in the definition of “the transitional overlap profit”, for “the said paragraph 6(4)” substitute “ paragraph 53(3) of Schedule 2 to ITTOIA 2005 ”.
 - (8) Omit paragraphs 8 to 10.
 - (9) In paragraph 14(1) for “paragraphs 1, 3, 6 and 7” substitute “ paragraphs 1, 3 and 7 ”.
 - (10) In paragraph 15(1) for “paragraphs 1, 3, 6 and 7” substitute “ paragraphs 1, 3 and 7 ”.
 - (11) Omit paragraphs 18 to 20.
 - (12) In the heading for “SCHEDULE 20 TO FINANCE ACT 1994” substitute “ SCHEDULE 2 TO ITTOIA 2005 (SO FAR AS RELATING TO OVERLAP PROFIT) ”.

Finance Act 1996 (c. 8)

485 The Finance Act 1996 is amended as follows.

F159 486

Textual Amendments
F159 Sch. 1 para. 486 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

487 Omit section 102 (discounted securities: income tax provisions).

F160 488

Textual Amendments
F160 Sch. 1 para. 488 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

F161 489

Textual Amendments
F161 Sch. 1 para. 489 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

490 Omit Schedule 13 (discounted securities: income tax provisions).

491 (1) Amend Schedule 15 (loan relationships: savings and transitional provisions) as follows.

- (2) In paragraph 26(2) for the definition of “relevant discounted security” substitute—
““deeply discounted security” has the same meaning as in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (see section 430)”.

Status: Point in time view as at 21/07/2009.

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(3) In paragraph 28(b) for “Schedule 13 to this Act” and “relevant” substitute respectively “ Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (profits from deeply discounted securities)” and “ deeply ”.

(4) In paragraph 30(1)(c) for “relevant” substitute “ deeply ”.

Finance Act 1997 (c. 16)

492 The Finance Act 1997 is amended as follows.

^{F162}493

Textual Amendments

F162 Sch. 1 para. 493 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 17(n)

494 (1) Amend Schedule 12 (leasing arrangements: finance leases and loans) as follows.

(2) In paragraph 11—

(a) in sub-paragraph (9) after “1992” insert “ or section 135, 138, 139 or 140 of ITTOIA 2005 ”,

(b) in sub-paragraph (10)(b) after “1992” insert “ or section 134(2) of ITTOIA 2005 ”,

^{F163}(c)

^{F163}(d)

(3) In paragraph 30—

(a) in sub-paragraph (1) before the definition of “lease” insert—

““ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005;”, and

(b) in sub-paragraph (2)(b) for “Case I or II of Schedule D” substitute “ Part 2 of ITTOIA 2005 ”.

Textual Amendments

F163 Sch. 1 para. 494(2)(c)(d) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

Finance Act (No.2) 1997 (c. 58)

495 The Finance (No.2) Act 1997 is amended as follows.

496 In section 30 (tax credits)—

(a) in subsection (9) after “above” insert “ and rewritten in section 397(3) of the Income Tax (Trading and Other Income) Act 2005 ”, and

(b) in subsection (10)(a) for “section 231 of the Taxes Act 1988” substitute “ section 397 of the Income Tax (Trading and Other Income) Act 2005 ”.

Status: Point in time view as at 21/07/2009.

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- 497 In section 37(7) (interest to be paid gross) for “sections 722A(5) and 730C(9), and in paragraph 3A(2)(a) of Schedule 23A, (which all” substitute “ section 722A(5), and in paragraph 3A(2)(a) of Schedule 23A, (which ”.
- 498 In section 48(1) (relief for expenditure on production or acquisition of films) after “, section 41 above or this section” insert “ or by virtue of any provision of Chapter 9 of Part 2 of ITTOIA 2005 ”.

Finance Act 1998 (c. 39)

499 The Finance Act 1998 is amended as follows.

^{F164}500

Textual Amendments

F164 Sch. 1 para. 500 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

501 Omit section 43 (barristers and advocates in early years of practice).

^{F165}502

Textual Amendments

F165 Sch. 1 para. 502 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

503 In section 76(3) (power to make regulations for non-UK residents who have made investments under individual investment plans to be treated as UK resident for the purpose of tax credits) for “section 333 of the Taxes Act 1988” substitute “ Chapter 3 of Part 6 of the Income Tax (Trading and Other Income) Act 2005 ”.

- 504 In section 123(7)—
- (a) for “both” substitute “ more ”,
 - (b) in paragraph (a) for the words from “(regulations” onwards substitute “ (investment plan regulations) ”, and
 - (c) at the end of paragraph (b) add “and
 (c) Chapter 3 of Part 6 of the Income Tax (Trading and Other Income) Act 2005 (income from individual investment plans),”.

Finance Act 1999 (c. 16)

505 The Finance Act 1999 is amended as follows.

^{F166}506

Textual Amendments

F166 Sch. 1 para. 506 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Status: Point in time view as at 21/07/2009.

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- 507 (1) Amend section 65 (relevant discounted securities) as follows.
- (2) Omit subsections (1) to (6).
- (3) In subsection (8) for “subsections (1) to (7) above have” substitute “ subsection (7) above has ”.
- (4) In subsections (9) and (10) for “subsections (1) to (7)”, “have effect” and “do not affect” substitute “ subsection (7) ”, “ has effect ” and “ does not affect ” respectively.
- (5) In subsections (11) and (12) for “subsections (1) to (7) above have” substitute “ subsection (7) above has ”.
- 508 In section 85(7)(b) (advance pricing agreements etc.) after “Taxes Act 1988” insert “ or section 16(1) of the Income Tax (Trading and Other Income) Act 2005 ”.
- ^{F167}509

Textual Amendments

F167 Sch. 1 para. 509 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

Commonwealth Development Corporation Act 1999 (c. 20)

- 510 (1) Amend paragraph 6 of Schedule 3 to the Commonwealth Development Corporation Act 1999 (distributions by the Commonwealth Development Corporation) as follows.
- (2) In sub-paragraph (2)(b) after “section 231 of that Act” insert “ or section 397 of the Income Tax (Trading and Other Income) Act 2005 (tax credits for qualifying distributions: UK residents and eligible non-UK residents) ”.
- (3) In sub-paragraph (3) for “corporation tax and income tax” substitute “ income tax as dividends of a non-UK resident company chargeable under Chapter 4 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (and accordingly as relevant foreign income for the purposes of that Act), and for the purposes of corporation tax ”.
- (4) Omit sub-paragraph (4).

Finance Act 2000 (c. 17)

- 511 The Finance Act 2000 is amended as follows.
- 512 (1) Amend section 44 (gifts to charity from certain trusts) as follows.
- (2) Omit subsections (1) to (3).
- (3) In subsection (4)—
- (a) for “UK trust” substitute “ trust the trustees of which are resident in the United Kingdom (a “UK trust”) ”, and
- (b) for “subsection (1) above” substitute “ section 628(1) or 630(1) of ITTOIA 2005 ”.
- (4) For subsection (5) substitute—

Status: Point in time view as at 21/07/2009.

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“(5) In this section—

“qualifying income” has the same meaning as in section 628 of ITTOIA 2005; and

“resident”, in relation to the trustees of a trust, shall be construed in accordance with section 110 of the Finance Act 1989.”

513 Omit section 45 (loans to charities).

514 (1) Amend section 46 (exemption for small trades etc.) as follows.

(2) In subsection (1) for the words from the beginning to “shall be granted,” substitute—

“(1) Subject to subsections (2) and (2A) below, exemption—

(a) from income tax—

(i) under Part 2 of ITTOIA 2005 in respect of a trade carried on wholly or partly in the United Kingdom, or

(ii) under or by virtue of any provision to which section 836B of the Taxes Act 1988 applies, or

(b) from corporation tax under Case I or VI of Schedule D, shall be granted”.

(3) For subsection (2) substitute—

“(2) Exemption shall not be granted under subsection (1) above in respect of income which is chargeable to—

(a) income tax under or by virtue of any provision to which section 836B of the Taxes Act 1988 applies, or

(b) corporation tax under Case VI of Schedule D, by virtue of any of the provisions mentioned in subsection (2A).

(2A) The provisions are—

(a) sections 214, 547(1)(b), 703, 776, 788, 790 or 804 of the Taxes Act 1988;

(b) paragraph 52(4) of Schedule 18 to the Finance Act 1998;

(c) Chapter 9 of Part 4, and Chapter 5 of Part 5, of ITTOIA 2005; and

(d) any other enactment specified in an order made by the Treasury.”

(4) In subsection (6), in the definition of “income”—

(a) after “means” insert “—

(a) any profits or other income or gains —

(i) which are chargeable to income tax under Part 2 of ITTOIA 2005 in respect of a trade carried on wholly or partly in the United Kingdom, or

(ii) which are chargeable to income tax under or by virtue of any provision to which section 836B of the Taxes Act 1988 applies,

and which (in either case) are not, apart from this section, exempted from income tax chargeable under or by virtue of that Part or provision, or

(b) ”,

(b) after “chargeable to” insert “ corporation ”.

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- 515 Omit section 84 (exemption of payments under New Deal 50plus).
- 516 Omit section 85 (exemption of payments under Employment Zones programmes).
- 517 Omit section 87 (treatment of certain telecommunication rights).
- 518 In section 143(2) (power to provide incentives to use electronic communications) for “purposes of the Tax Acts” substitute “ corporation tax purposes ”.
- 519 In section 155 (interpretation) at the end insert “ and “ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005 ”.
- F168 520

Textual Amendments

F168 Sch. 1 para. 520 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

- 521 In Schedule 15 (the corporate venturing scheme), in paragraph 99(3), for “Chapter 1A of Part XV of the Taxes Act 1988 (see section 660G(1) and (2))” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act) ”.
- 522 In Schedule 22 (tonnage tax), in paragraph 144(3), for “Chapter 1A of Part XV of the Taxes Act 1988 (see section 660G(1) and (2) of that Act)” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act) ”.
- 523 Omit Schedule 23 (treatment of certain telecommunication rights).

Capital Allowances Act 2001 (c. 2)

- 524 The Capital Allowances Act 2001 is amended as follows.
- 525 In section 4 (capital expenditure) for subsection (5) substitute—
 - “(5) Subsection (4) does not apply to any expenditure or sum in the case of which a deduction of income tax falls or may fall to be so made as a result of section 595(2) of ITTOIA 2005 or section 524(3)(b) of ICTA (receipts from sale of patent rights by person not resident in the UK: income and corporation tax).”
- 526 (1) Amend section 15 (qualifying activities) as follows.
 - (2) In subsection (1)—
 - (a) in paragraph (b) for “Schedule A” substitute “ property ”,
 - (b) in paragraph (f) after “listed in” insert “ section 12(4) of ITTOIA 2005 or ”.
 - (3) In subsection (3)(a) for “Schedule A” substitute “ property ”.
- 527 (1) Amend section 16 (ordinary Schedule A businesses) as follows.
 - (2) For ““ordinary Schedule A” substitute “ “ordinary property ”.
 - (3) For “means a Schedule A business” substitute “ means a UK property business, or a Schedule A business, ”.
 - (4) In the side-note for “Schedule A” substitute “ property ”.
- 528 (1) Amend section 17 (furnished holiday lettings businesses) as follows.

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- (2) In subsection (1) for “a Schedule A business in so far” to the end substitute “ a UK property business, or a Schedule A business, which consists in, or so far as it consists in, the commercial letting of furnished holiday accommodation ”.
- (3) For subsection (3) substitute—
- “(3) For the purposes of income tax the “commercial letting of furnished holiday accommodation” has the same meaning as it has for the purposes of Chapter 6 of Part 3 of ITTOIA 2005.
- For the purposes of corporation tax the “commercial letting of furnished holiday accommodation” has the meaning given by section 504 of ICTA.”
- 529 In section 20(1) (employments and offices) for “section 314 of ICTA” substitute “ section 15 of ITTOIA 2005 ”.
- 530 In section 23(2) (expenditure unaffected by sections 21 and 22) before “40D” insert “ 143 of ITTOIA 2005 or section ”.
- 531 In section 28(2) (thermal insulation of industrial buildings) for “Schedule A” substitute “ property ”.
- 532 In section 33(8)(b) (personal security) for “Schedule A” substitute “ property ”.
- 533 In section 35(1)(a) (expenditure on plant or machinery for use in dwelling-house not qualifying expenditure in certain cases) for “Schedule A” substitute “ property ”.
- 534 In section 38(a) (production of animals etc)—
- (a) after “to which” insert “ section 30 or Chapter 8 of Part 2 of ITTOIA 2005 or ”, and
- (b) after “purposes of” insert “ Part 2 of ITTOIA 2005 or ”,
- 535 (1) Amend section 63 (cases in which disposal value is nil) as follows.
- (2) In subsection (2)(c) after “within the meaning of” insert “ section 110 of ITTOIA 2005 or ”.
- (3) In subsection (3)(b) for “Schedule A” substitute “ property ”.
- (4) In subsection (4) after “to be read with” insert “ section 109 of ITTOIA 2005 and ”.
- 536 (1) Amend section 106 (the designated period) as follows.
- (2) In subsection (3)(b) for the words from “the qualifying activity” to the end substitute “—
- (i) there was a change in the persons carrying on the qualifying activity which did not involve all of the persons carrying on that activity before the change permanently ceasing to carry it on, or
- (ii) the qualifying activity carried on by the person making the disposal was treated as continuing under section 114(1) of ICTA (effect of partnership changes involving companies).”
- (3) Omit subsection (4).
- 537 (1) Amend section 108 (effect of disposal to connected person on overseas leasing pool) as follows.

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- (2) In subsection (1) for paragraph (b) and the word “and” at the end of that paragraph substitute—
- “**(b)** the disposal is one on the occasion of which—
- (i) there was a change in the persons carrying on the qualifying activity which involved all of the persons carrying on that activity before the change permanently ceasing to carry it on, or
- (ii) the qualifying activity carried on by the person making the disposal was not treated as continuing under section 114(1) or 343(2) of ICTA (effect of partnership changes involving companies or of company reconstructions), and”.
- (3) Omit subsection (4).
- 538 (1) Amend section 112 (excess allowances: connected persons) as follows.
- (2) In subsection (1) for paragraph (b) and the word “and” at the end of that paragraph substitute—
- “**(b)** the transaction (or each of the transactions) is one—
- (i) which involved all of the persons carrying on the qualifying activity before the transaction permanently ceasing to carry it on, or
- (ii) in respect of which the qualifying activity carried on by the person making the disposal was not treated as continuing under section 114(1) or 343(2) of ICTA (effect of partnership changes involving companies or of company reconstructions), and”.
- (3) Omit subsection (5).
- 539 (1) Amend section 115 (prohibited allowances: connected persons) as follows.
- (2) In subsection (1) for paragraph (c) and the word “and” at the end of that paragraph substitute—
- “**(c)** the transaction (or each of the transactions) is one—
- (i) which involved all of the persons carrying on the qualifying activity before the transaction permanently ceasing to carry it on, or
- (ii) in respect of which the qualifying activity carried on by the person making the disposal was not treated as continuing under section 114(1) or 343(2) of ICTA (effect of partnership changes involving companies or of company reconstructions), and”.
- (3) Omit subsection (3).
- 540 (1) Amend section 122 (short-term leasing by buyer, lessee etc) as follows.
- (2) In subsection (2) for paragraph (c) substitute—
- “**(c)** a person who acquired the plant or machinery from X as a result of a disposal on the occasion of which, or two or more disposals on the occasion of each of which—
- (i) there was a change in the persons carrying on the qualifying activity which did not involve all of the persons carrying on

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- that activity before the change permanently ceasing to carry it on, or
- (ii) the qualifying activity carried on by the person making the disposal was treated as continuing under section 114(1) of ICTA (effect of partnership changes involving companies);”.
- (3) Omit subsection (3).
- 541 (1) Amend section 125 (other qualifying purposes) as follows.
- (2) In subsection (3) for paragraph (c) substitute—
- “(c) a person who acquired the plant or machinery from X as a result of a disposal on the occasion of which, or two or more disposals on the occasion of each of which—
- (i) there was a change in the persons carrying on the qualifying activity which did not involve all of the persons carrying on that activity before the change permanently ceasing to carry it on, or
- (ii) the qualifying activity carried on by the person making the disposal was treated as continuing under section 114(1) of ICTA (effect of partnership changes involving companies).”
- (3) Omit subsection (5).
- 542 In section 154(3) (further registration requirement) for paragraph (b) substitute—
- “(b) the only changes in the persons carrying it on between the time that B does so and the time that A or a person connected with A does so are changes—
- (i) which do not involve all of the persons carrying it on before the changes permanently ceasing to carry it on, or
- (ii) in respect of which the qualifying activity is treated as continuing under section 343(2) of ICTA.”
- 543 In section 155(1) (changes in the persons carrying on qualifying activity) for paragraph (b) substitute—
- “(b) the only changes in the persons carrying on the qualifying activity since the shipowner carried it on are changes—
- (i) which do not involve all of the persons carrying it on before the changes permanently ceasing to carry it on, or
- (ii) in respect of which the qualifying activity is treated as continuing under section 343(2) of ICTA.”
- 544 In section 156 (connected persons) for subsection (2) substitute—
- “(2) The condition is that the only changes in the persons carrying on the qualifying activity since A carried it on are changes—
- (a) which do not involve all of the persons carrying it on before the changes permanently ceasing to carry it on, or
- (b) in respect of which the qualifying activity is treated as continuing under section 343(2) of ICTA.”
- 545 In section 162(2) (ring fence trade a separate qualifying activity)—

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- (a) in paragraph (a), after “fall within” insert “ the definition of “oil-related activities” in section 16(2) of ITTOIA 2005 or within ”, and
 - (b) in paragraph (b), after “as a result of” insert “ section 16(1) of ITTOIA 2005 or ”.
- 546 In section 248 (ordinary Schedule A businesses)—
 - (a) for “Schedule A” substitute “ property ”, and
 - (b) in the side-note for “Schedule A” substitute “ property ”.
- 547 In section 252 (mines, transport undertakings etc)—
 - (a) after “is a concern listed in” insert “ section 12(4) of ITTOIA 2005 or ”, and
 - (b) after “the profits of the concern under” insert “ Chapter 2 of Part 2 of ITTOIA 2005 or, as the case may be, under ”.
- 548 In section 258(4) (special leasing: income tax) for “taxed under Case VI of Schedule D” substitute “ assessed to income tax ”.
- 549 (1) Amend section 263 (qualifying activities carried on in partnership) as follows.
 - (2) In subsection (1) for paragraph (c) substitute—

“(c) the following condition is met.”
 - (3) After that subsection insert—

“(1A) The condition is that—

 - (a) the change does not involve all of the partners permanently ceasing to carry on the qualifying activity, or
 - (b) the change does not result in the qualifying activity being treated under section 18 or 362 of ITTOIA 2005 as permanently ceasing to be carried on by a company or treated as discontinued under section 337(1) of ICTA (companies beginning or ceasing to carry on trade etc.).”
- 550 (1) Amend section 265 (successions: general) as follows.
 - (2) In subsection (1) for paragraph (b) substitute—

“(b) the following condition is met.”
 - (3) After that subsection insert—

“(1A) The condition is that—

 - (a) all of the persons carrying on the qualifying activity before the succession permanently cease to carry it on, or
 - (b) the qualifying activity is treated under section 18 or 362 of ITTOIA 2005 as permanently ceasing to be carried on by a company or treated as discontinued under section 337(1) of ICTA (companies beginning or ceasing to carry on trade etc.).”
- 551 In 268(1) (successions by beneficiaries) for paragraph (b) and the word “and” at the end of that paragraph substitute—

“(b) all of the persons carrying on the qualifying activity before the succession permanently cease to carry it on, and”.

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Textual Amendments

F169 Sch. 1 paras. 552-558 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 27 para. 26

F169 553

Textual Amendments

F169 Sch. 1 paras. 552-558 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 27 para. 26

F169 554

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F169 557

Textual Amendments

F169 Sch. 1 paras. 552-558 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 27 para. 26

F169 558

Textual Amendments

F169 Sch. 1 paras. 552-558 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 27 para. 26

559 In section 393B(4) (meaning of “qualifying expenditure”) after “the profits of a” insert “ UK property business or ”

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- 560 (1) Amend section 393T (giving effect to allowances and charges) as follows.
- (2) In subsection (2) for “a Schedule A business” substitute “ a UK property business, or a Schedule A business, ”.
- (3) After that subsection insert—
- “(2A) If the person is within the charge to income tax in respect of the allowance or charge and his interest in the flat is not an asset of a UK property business carried on by him at any time in that period, the allowance or charge is to be given effect by treating him as if he had been carrying on a UK property business in that period and as if—
- (a) the allowance were an expense of that business, and
- (b) the charge were a receipt of that business.”
- (4) In subsection (3)—
- (a) for “the person's” substitute “ the person is a company within the charge to corporation tax in respect of the allowance or charge and its ”,
- (b) for “him”, in both places where it occurs, substitute “ the company ”, and
- (c) for “he” substitute “ it ”.
- 561 (1) Amend section 406 (reduction where premium relief previously allowed) as follows.
- (2) In subsection (1) for “section 87 of ICTA” substitute “ sections 60 to 67 of ITTOIA 2005 or under sections 87 and 87A of ICTA ”.
- (3) In subsection (2) for “section 87 of ICTA” substitute “ sections 60 to 67 of ITTOIA 2005 or under sections 87 and 87A of ICTA ”.
- 562 In section 454(1)(c) (qualifying expenditure) after “an election under” insert “ section 194 of ITTOIA 2005 or under ”.
- 563 In section 455(4) (excluded expenditure) after “goodwill under” insert “ section 194(3) of ITTOIA 2005 or under ”.
- 564 In section 462(3) (disposal values) after “goodwill under” insert “ section 194(2) of ITTOIA 2005 or under ”.
- 565 In section 479(4) (persons having qualifying non-trade expenditure: income tax) for “taxed under Case VI of Schedule D” substitute “ assessed to income tax ”.
- 566 In section 481(5)(b) (anti-avoidance: limit on qualifying expenditure) after “in accordance with section” insert “ 587 of ITTOIA 2005 or section ”.
- 567 In section 483(c) (meaning of “income from patents”) after “payable under” insert “ section 587, 593 or 594 of ITTOIA 2005 or under ”.
- 568 In section 488(3)(a) (balancing allowances) for “section 113(1)” to “to trade etc.)” substitute “ section 18 of ITTOIA 2005 or section 337(1) of ICTA (effect of company ceasing to trade etc.) ”.
- 569 (1) Amend section 529 (giving effect to allowances and charges) as follows.
- (2) In subsection (1) for “a Schedule A business” substitute “ a UK property business, or a Schedule A business, ”.
- (3) After that subsection insert—

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- “(1A) If the person entitled or liable to an allowance or charge for a chargeable period is within the charge to income tax in respect of the allowance or charge and he was not carrying on a UK property business at any time in that period, the allowance or charge is to be given effect by treating him as if he had been carrying on such a business in that period and as if—
- (a) the allowance were an expense of that business, and
- (b) the charge were a receipt of that business.”
- (4) In subsection (2)—
- (a) for the words from the beginning to “chargeable period” substitute “ If the person entitled or liable to an allowance or charge for a chargeable period is a company within the charge to corporation tax in respect of the allowance or charge and it ”,
- (b) for “him” substitute “ the company ”, and
- (c) for “he” substitute “ it ”.
- 570 In section 536(5)(a) (contributions not made by public bodies and not eligible for tax relief)—
- (a) in sub-paragraph (i) for “Schedule A” substitute “ property ”, and
- (b) in sub-paragraph (v) after “listed in” insert “ section 12(4) of ITTOIA 2005 or ”.
- 571 In section 558(1)(c) (effect of partnership changes) for the words from “result in” to the end substitute “—
- (i) involve all of the persons carrying on the relevant activity before the change permanently ceasing to carry it on, or
- (ii) result in the relevant activity being treated under section 18 or 362 of ITTOIA 2005 as permanently ceasing to be carried on by a company or treated as discontinued under section 337(1) of ICTA (companies beginning or ceasing to carry on trade etc.)”
- 572 (1) Amend section 559 (effect of successions) as follows.
- (2) In subsection (1) for paragraph (b) substitute—
- “(b) the following condition is met.”
- (3) After that subsection insert—
- “(1A) The condition is that—
- (a) all of the persons carrying on the relevant activity before the succession permanently cease to carry it on, or
- (b) the relevant activity is treated under section 18 or 362 of ITTOIA 2005 as permanently ceasing to be carried on by a company or treated as discontinued under section 337(1) of ICTA (companies beginning or ceasing to carry on trade etc.)”
- 573 In section 577(1) (definitions) in the definition of “property business” after “means” insert “ a UK property business, ”.
- 574 (1) Amend Schedule 1 (abbreviations and defined expressions) as follows.
- (2) In Part 1 in the appropriate place insert—

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security for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (profits from deeply discounted securities) (see 430 of that Act), and

(b) in those sub-paragraphs—

“redeem” means make a disposal, within the meaning of that Chapter (except by a transfer within the meaning of that Chapter), or convert as mentioned in section 437(1)(c) of that Act, and

“transfer” has the same meaning as in that Chapter.”

580 In Schedule 29 (gains and losses of a company from intangible fixed assets), in paragraph 101(3), for “Chapter 1A of Part 15 of the Taxes Act 1988 (settlements: liability of settlor) (see section 660G(1) and (2) of that Act)” substitute “ Chapter 5 of Part 5 of the Income Tax (Trading and Other Income) Act 2005 (see section 620 of that Act) ”.

Proceeds of Crime Act 2002 (c. 29)

581 The Proceeds of Crime Act 2002 is amended as follows.

582 In section 319(2) (source of income) for “Case 6 of Schedule D” substitute “ Chapter 8 of Part 5 of the Income Tax (Trading and Other Income) Act 2005 ”.

583 (1) Amend Schedule 10 (tax) as follows.

(2) In paragraph 2(7) (introductory) at the end insert “ , and “ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005 ”.

(3) In paragraph 5 (relevant discounted securities)—

(a) for “relevant” substitute “ deeply ”, and

(b) for the words from “Schedule 13” to “c.8)” and “that Schedule” substitute respectively “ Chapter 8 of Part 4 of ITTOIA 2005 ” and “ that Chapter ”.

(4) In paragraph 6 (rights to receive amounts stated in certificates of deposit etc.)—

(a) after “deposit etc.)” insert “ , or a right falling within the definition of “deposit rights” in section 552(1) of ITTOIA 2005 ”, and

(b) for the words “of that Act”, in the second place where they occur, substitute “ of the Taxes Act 1988 or Chapter 11 of Part 4 of ITTOIA 2005 ”.

(5) In paragraph 8 (futures and options)—

(a) for “paragraph 4 of Schedule 5AA to the Taxes Act 1988” substitute “ section 562 of ITTOIA 2005 ”, and

(b) for “that Schedule” substitute “ Chapter 12 of Part 4 of that Act ”.

F172(6)

Textual Amendments
F172 Sch. 1 para. 583(6) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

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Income Tax (Earnings and Pensions) Act 2003 (c. 1)

- 584 The Income Tax (Earnings and Pensions) Act 2003 is amended as follows.
- 585 In section 6(5) (exception to charge to tax on employment income for income of divers and diving supervisors) for the words from “Case I” to “ICTA” substitute “Part 2 of ITTOIA 2005 (trading income) by virtue of section 15 of that Act”.
- 586 In section 61(1) (application of provisions to workers under arrangements made by intermediaries: interpretation) in the definition of “business” after “includes a” insert “UK property business or”.
- 587 In section 178 (exception for loans where interest qualifies for tax relief)—
- (a) in paragraph (c)—
 - (i) for “under Case I or II of Schedule D” substitute “to tax”, and
 - (ii) after “carried on” insert “wholly or partly in the United Kingdom”, and
 - (b) in paragraph (d) for “under Schedule A in respect of a Schedule A business” substitute “to tax in respect of a UK property business, or a Schedule A business,”.
- 588 In section 180(5) (threshold for benefit of loan to be treated as earnings)—
- (a) in paragraph (c)—
 - (i) for “under Case I or II of Schedule D” substitute “to tax”, and
 - (ii) after “carried on” insert “wholly or partly in the United Kingdom”, and
 - (b) in paragraph (d) for “under Schedule A in respect of a Schedule A business” substitute “to tax in respect of a UK property business, or a Schedule A business,”.
- 589 In section 189(3)(a) (exception where double charge) for “section 677 of ICTA (sums paid to settlor otherwise than as income)” substitute “section 633 of ITTOIA 2005 (capital sums paid to settlor by trustees of settlement)”.
- 590 In section 215 for “section 331(1) of ICTA” substitute “section 776(1) of ITTOIA 2005”.
- 591 In section 302(4) (exemption of consular employees' employment income), in the definition of “reciprocal arrangement”, for “and section 322 of ICTA” substitute “, sections 646A and 681A of this Act and section 771 of ITTOIA 2005 (relevant foreign income of consular officers and employees)”.
- 592 After section 325 insert—

“325A Health and employment insurance payments

- (1) No liability to income tax in respect of employment income arises on any payment if or to the extent that—
 - (a) were the payment an annual payment falling within Chapter 7 of Part 5 of ITTOIA 2005, it would be exempt from income tax under section 735 of that Act (health and employment insurance payments), and
 - (b) it meets conditions A and B.
- (2) Condition A is that the payments are made—

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- (a) to a person (“the employee”) who made payments or contributions in respect of premiums under an insurance policy which another person took out wholly or partly for the employee's benefit, or
 - (b) to the employee's husband or wife.
- (3) Condition B is that the payments are attributable on a just and reasonable basis to the payments or contributions in respect of premiums.”
- 593 In section 357(2) (business entertainment and gifts: exception where employer's expenses disallowed) after “disallowed under” insert “ section 45 or 867 of ITTOIA 2005 or under ”.
- 594 In Chapter 2 of Part 5, after section 360 insert—

“360A Social security contributions

- (1) No deduction from earnings is allowed under this Chapter for any contribution paid by any person under Part 1 of SSCBA 1992 or Part 1 of SSCB(NI)A 1992.
 - (2) But this prohibition does not apply to an employer's contribution (see subsection (3)) which is allowable as a deduction—
 - (a) under section 336 (the general rule),
 - (b) under any of sections 337 to 342 (travel expenses), or
 - (c) under section 351(1) (expenses of ministers of religion).
 - (3) For this purpose “an employer's contribution” means—
 - (a) a secondary Class 1 contribution,
 - (b) a Class 1A contribution, or
 - (c) a Class 1B contribution,
 within the meaning of Part 1 of SSCBA 1992 or Part 1 of SSCB(NI)A 1992.”
- 595 In section 394(2) (charge on benefit to which Chapter 2 of Part 6 applies) for “to tax under Case VI of Schedule D” substitute “ to income tax ”.
- 596 In section 397(1) (certain lump sums: calculation of amount taxed by virtue of section 394) for “Case VI of Schedule D” substitute “ subsection (2) of that section ”.
- 597 In section 399(1)(b) (employment-related loans: interest treated as paid) omit “under Case VI of Schedule D”.
- 598 In section 476 (charge on occurrence of chargeable event) for subsection (5) substitute—
- “(5) If the employee has been divested of the employment-related securities option by operation of law—
- (a) income tax is charged on the amount determined under section 478, and
 - (b) the person liable for any tax so charged is the relevant person in relation to the chargeable event (see section 477(7)).”
- 599 In section 477(7) (chargeable events) for “(charge under Case VI of Schedule D)” substitute “ (charge to income tax) ”.
- 600 (1) Amend section 493 (no charge on acquisition of dividend shares) as follows.

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- (2) Omit subsections (1), (2) and (4).
- (3) After subsection (3) insert—
- “(3A) For the exemption of such amounts from income tax, see section 770 of ITTOIA 2005 (amounts applied by SIP trustees acquiring dividend shares or retained for reinvestment).”
- 601 For section 496 (no charge on cash dividend retained for reinvestment) substitute—
- “496 No charge on cash dividend retained for reinvestment**
- For the exemption from income tax of amounts retained under paragraph 68(2) of Schedule 2 (amount of cash dividend not reinvested), see section 770 of ITTOIA 2005 (amounts applied by SIP trustees acquiring dividend shares or retained for reinvestment).”
- 602 In section 497(3) (limitations on charges on shares ceasing to be subject to plan) for the words from “as” to the end substitute “ under Chapter 3 or 4 of Part 4 of ITTOIA 2005 (dividends etc. from UK or non-UK resident companies etc.) as a result of section 394(2) or 407(2) of that Act (distribution or dividend payment when dividend shares cease to be subject to plan). ”
- 603 In section 502(4)(a) (meaning of “capital receipt” in section 501) at the end insert “ or section 770 of ITTOIA 2005 (exemption for amounts applied by SIP trustees acquiring dividend shares or retained for reinvestment) ”.
- 604 (1) Amend section 515 (tax advantages and charges under other Acts) as follows.
- (2) In subsection (1) omit paragraph (a).
- (3) In subsection (2) omit “and” at the end of paragraph (a).
- (4) In subsection (2) at the end of paragraph (b) insert “, and
- (c) sections 392 to 395 and 405 to 408 of ITTOIA 2005 (SIPs: special rules for charges under Chapters 3 and 4 of Part 4 of that Act (dividends etc. from UK or non-UK resident companies etc.)) and section 770 of that Act (exemption for amounts applied by SIP trustees acquiring dividend shares or retained for reinvestment).”
- 605 In section 516(4) (approved SAYE option schemes), in the definition of “SAYE option scheme”, for “approved savings schemes” substitute “ approved savings arrangements ”.
- 606 (1) Amend section 575 (taxable pension income: foreign pensions) as follows.
- (2) In subsection (1) for the words “the amount” onwards substitute “ the full amount of the pension income arising in the tax year, but subject to subsections (2) and (3). ”
- (3) For subsection (2) substitute—
- “(2) The full amount of the pension income arising in the tax year is to be calculated on the basis that the pension is 90% of its actual amount, unless as a result of subsection (3) the pension income is charged in accordance with section 832 of ITTOIA 2005 (relevant foreign income charged on the remittance basis).

Status: Point in time view as at 21/07/2009.

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- (3) That pension income is treated as relevant foreign income for the purposes of Chapters 2 and 3 of Part 8 of that Act (relevant foreign income: remittance basis and deductions and reliefs).
- (4) But if that pension income arises in the Republic of Ireland, section 839 of that Act (annual payments payable out of relevant foreign income) applies with the omission of condition B and subsection (5)(a).
- (5) See also Chapter 4 of that Part (unremittable income).”
- 607 (1) Amend section 613 (taxable pension income: foreign annuities) as follows.
- (2) In subsection (2) for the words “the amount” onwards substitute “ the full amount of the annuity arising in the tax year, but subject to subsections (3) and (4). ”
- (3) For subsections (3) and (4) substitute—
- “ (3) The full amount of the annuity arising in the tax year is to be calculated on the basis that the annuity is 90% of its actual amount, unless as a result of subsection (4) the annuity is charged in accordance with section 832 of ITTOIA 2005 (relevant foreign income charged on the remittance basis).
- (4) The annuity is treated as relevant foreign income for the purposes of Chapters 2 and 3 of Part 8 of that Act (relevant foreign income: remittance basis and deductions and reliefs).
- (5) But if the annuity arises in the Republic of Ireland, section 839 of that Act (annual payments payable out of relevant foreign income) applies with the omission of condition B and subsection (5)(a).
- (6) See also Chapter 4 of that Part (unremittable income).”
- 608 (1) Amend section 631 (taxable pension income: pre-1973 pensions paid under the Overseas Pensions Act 1973) as follows.
- (2) In subsection (1) for the words “the amount” onwards substitute “ the full amount of the pension income arising in the tax year ”.
- (3) For subsection (2) substitute—
- “ (2) The full amount of the pension income arising in the tax year is to be calculated on the basis that the pension is 90% of its actual amount.
- (3) The pension income is treated as relevant foreign income for the purposes of section 838 of that Act (expenses attributable to collection or payment of relevant foreign income).”
- 609 (1) Amend section 635 (taxable pension income: foreign voluntary annual payments) as follows.
- (2) In subsection (2) for the words “the amount” onwards substitute “ the full amount of the pension income arising in the tax year, but subject to subsections (3) and (4) ”.
- (3) For subsection (3) substitute—
- “ (3) The full amount of the pension income arising in the tax year is to be calculated on the basis that the pension is 90% of its actual amount, unless as a result of subsection (4) the pension income is charged in accordance

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with section 832 of ITTOIA 2005 (relevant foreign income charged on the remittance basis).

(4) That pension income is treated as relevant foreign income for the purposes of Chapters 2 and 3 of Part 8 of that Act (relevant foreign income: remittance basis and deductions and reliefs).

(5) But if that pension income arises in the Republic of Ireland, section 839 of that Act (annual payments payable out of relevant foreign income) applies with the omission of condition B and subsection (5)(a).

(6) See also Chapter 4 of that Part (unremittable income).”

610 After section 644 insert—

“644A Health and employment insurance payments

(1) No liability to income tax arises in respect of a pension or annuity payment if or to the extent that—

- (a) were the payment an annual payment falling within Chapter 7 of Part 5 of ITTOIA 2005, it would be exempt from income tax under section 735 of that Act (health and employment insurance payments), and
- (b) it meets conditions A and B.

(2) Condition A is that the payments are made—

- (a) to a person (“the pensioner”) who made payments or contributions in respect of premiums under an insurance policy which another person took out wholly or partly for the pensioner's benefit, or
- (b) to the pensioner's husband or wife.

(3) Condition B is that the payments are attributable on a just and reasonable basis to the payments or contributions in respect of premiums.”

611 After section 646 insert—

“646A Foreign pensions of consular employees

(1) No liability to income tax arises in respect of foreign pension income of a consular officer or employee in the United Kingdom for a foreign state if—

- (a) Her Majesty by Order in Council directs that this section applies to the foreign state for the purpose of giving effect to a reciprocal arrangement with that state, and
- (b) the officer or employee meets conditions A to C.

(2) Condition A is that the officer or employee is not—

- (a) a British citizen,
- (b) a British overseas territories citizen,
- (c) a British National (Overseas), or
- (d) a British Overseas citizen.

(3) Condition B is that the officer or employee is not engaged in any trade, profession, vocation or employment in the United Kingdom, otherwise than as a consular officer or employee of the state in question.

Status: Point in time view as at 21/07/2009.

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- (4) Condition C is that the officer or employee—
- (a) is a permanent employee of that state, or
 - (b) was not ordinarily resident in the United Kingdom immediately before becoming a consular officer or employee in the United Kingdom of that state.
- (5) In this section—
- “consular officer or employee” includes any person employed for the purposes of the official business of a consular officer at—
- (a) any consulate,
 - (b) any consular establishment, or
 - (c) any other premises used for those purposes,
- “foreign pension income” means—
- (a) income to which section 573 or 629 applies, and
 - (b) income arising from a source outside the United Kingdom to which section 609, 610, 611 or 633 applies; and
- “reciprocal agreement” has the same meaning as in section 302.
- (6) Section 302(5) to (7) apply to an Order under subsection (1) and the operation of this section as they apply to an Order under section 302(1) and the operation of section 302.”
- 612 In section 655(2) (structure of Part 10) for the entries relating to sections 84 and 85 of FA 2000 substitute—
- “section 781 of ITTOIA 2005 (exemption from income tax for payments under New Deal 50plus);
- section 782 of ITTOIA 2005 (exemption from income tax for payments under employment zone programmes).”
- 613 (1) Amend section 679 (taxable social security income: foreign benefits) as follows.
- (2) In subsection (1) for the words “the amount” onwards substitute “ the full amount of the social security income arising in the tax year, but subject to subsection (2). ”
- (3) For subsection (2) substitute—
- “(2) That income is treated as relevant foreign income for the purposes of Chapters 2 and 3 of Part 8 of ITTOIA 2005 (relevant foreign income: remittance basis and deductions and reliefs).
- (3) See also Chapter 4 of that Part (unremittable income).”
- 614 After section 681 insert—

“681A Foreign benefits of consular employees

- (1) No liability to income tax arises in respect of any benefit to which section 678 applies of a consular officer or employee in the United Kingdom for a foreign state if—
- (a) Her Majesty by Order in Council directs that this section applies to the foreign state for the purpose of giving effect to a reciprocal arrangement with that state, and

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- (b) the officer or employee meets conditions A to C.
- (2) Condition A is that the officer or employee is not—
 - (a) a British citizen,
 - (b) a British overseas territories citizen,
 - (c) a British National (Overseas), or
 - (d) a British Overseas citizen.
- (3) Condition B is that the officer or employee is not engaged in any trade, profession, vocation or employment in the United Kingdom, otherwise than as a consular officer or employee of the state in question.
- (4) Condition C is that the officer or employee—
 - (a) is a permanent employee of that state, or
 - (b) was not ordinarily resident in the United Kingdom immediately before becoming a consular officer or employee in the United Kingdom of that state.
- (5) In this section—
 - “consular officer or employee” includes any person employed for the purposes of the official business of a consular officer at—
 - (a) any consulate,
 - (b) any consular establishment, or
 - (c) any other premises used for those purposes, and
 - “reciprocal agreement” has the same meaning as in section 302.
- (6) Section 302(5) to (7) apply to an Order under subsection (1) and the operation of this section as they apply to an Order under section 302(1) and the operation of section 302.”

615 After section 716 (alteration of amounts by Treasury order) insert—

“Priority rule for certain dividends etc

716A Priority rule for dividends etc. of UK resident companies etc.

Any income, so far as it falls within—

- (a) Part 2, 9 or 10 of this Act, and
- (b) Chapter 3 of Part 4 of ITTOIA 2005 (dividends etc. from UK resident companies etc.),

is dealt with under Chapter 3 of Part 4 of ITTOIA 2005.”

616 (1) Amend Schedule 1 (abbreviations and defined expressions) as follows.

(2) In Part 1 in the appropriate place insert—

“ITTOIA 2005

The Income Tax (Trading and Other Income) Act 2005”.

(3) In Part 2 in the appropriate place insert—

Status: Point in time view as at 21/07/2009.

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“UK property business	section 832(1) of ICTA and Chapter 2 of Part 3 of ITTOIA 2005”.
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- 617 (1) Amend Schedule 2 (approved share incentive plans) as follows.
- (2) In paragraph 22(3), for “Chapter 1A of Part 15 of ICTA (see section 660G(1) and (2))” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act) ”.
 - (3) In paragraph 79(4) for the words from “section 68B(2)” to the end substitute “ Chapter 3 or 4 of Part 4 of ITTOIA 2005 (dividends etc. from UK or non-UK resident companies etc.) as a result of section 394(2) or 407(2) of that Act (distribution or dividend payment when dividend shares cease to be subject to plan). ”
 - (4) In paragraph 80(3)(b) (other duties of trustees in relation to tax liabilities) for “Case V of Schedule D or Schedule F” substitute “ Chapter 3 or 4 of Part 4 of ITTOIA 2005 (dividends etc. from UK or non-UK resident companies etc.) ”.
 - (5) In paragraph 86(4)(c) at end insert “ that is issued in a case where section 410(2) or (3) of ITTOIA 2005 applies ”.
 - (6) In paragraph 87(2)(d) for sub-paragraph (ii) substitute—
 - “(ii) sections 392 to 395 and 405 to 408 of ITTOIA 2005 (SIPs: special rules for charges under Chapters 3 and 4 of Part 4 of that Act (dividends etc. from UK or non-UK resident companies etc.) and section 770 of that Act (exemption for amounts applied by SIP trustees acquiring dividend shares or retained for reinvestment)).”
- 618 (1) Amend Schedule 3 (approved SAYE option schemes) as follows.
- (2) In paragraph 1(3) for “savings scheme” substitute “ savings arrangement ”.
 - (3) In paragraph 2(1)(b) for “savings schemes” substitute “ savings arrangements ”.
 - (4) In paragraph 14(3), for “Chapter 1A of Part 15 of ICTA (see section 660G(1) and (2))” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act) ”.
 - (5) In paragraph 23—
 - (a) in the heading (including the Part heading), for “scheme” substitute “ arrangement ”, and
 - (b) for “savings schemes”, in both places where it occurs, substitute “ savings arrangements ”.
 - (6) In paragraph 24(1)—
 - (a) in the heading, for “schemes” substitute “ arrangements ”,
 - (b) for “CCS scheme” substitute “ certified SAYE savings arrangement ”, and
 - (c) for “(“the CCS scheme”)” substitute “ (“the approved savings arrangement”) ”.
 - (7) Omit paragraph 24(2).
 - (8) In paragraph 25—
 - (a) in the heading, for “schemes” substitute “ arrangements ”,
 - (b) in sub-paragraph (1), for “CCS scheme” substitute “ the approved savings arrangement ”, and

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- (c) in sub-paragraph (3)(a), for “CCS schemes linked to approved SAYE option schemes” substitute “certified SAYE savings arrangements linked to approved SAYE option schemes”.
- (9) In paragraph 26—
 - (a) in the heading, for “scheme” substitute “arrangement”,
 - (b) in sub-paragraph (1), for “CCS scheme” substitute “certified SAYE savings arrangement”, and
 - (c) in sub-paragraph (2), for “scheme” substitute “arrangement”.
- (10) In paragraph 30(3), for “the CCS scheme” substitute “the approved savings arrangement”.
- (11) In paragraph 48(1)—
 - (a) for “certified contractual savings scheme” substitute “certified SAYE savings arrangement”, and
 - (b) for “section 326(2) to (6) of ICTA” substitute “section 703(1) of ITTOIA 2005”.
- (12) In paragraph 49, for “certified contractual savings scheme (CCS scheme)” substitute “certified SAYE savings arrangement”.
- 619 In Schedule 4 (approved CSOP schemes), in paragraph 12(3), for “Chapter 1A of Part 15 of ICTA (see section 660G(1) and (2))” substitute “Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act)”.
- 620 (1) Amend Schedule 5 (enterprise management incentives) as follows.
 - (2) In paragraph 27(3)(a), for “under Case I or II of Schedule D” substitute “as the profits of a trade, profession or vocation carried on wholly or partly in the United Kingdom”.
 - (3) In paragraph 31(3), for “Chapter 1A of Part 15 of ICTA (see section 660G(1) and (2))” substitute “Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act)”.

Finance Act 2003 (c. 14)

621 The Finance Act 2003 is amended as follows.

622 ^{F173}

Textual Amendments

F173 Sch. 1 para. 622 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

623 Omit section 176 (foster carers).

624 (1) Amend Schedule 24 (restriction of deductions for employee benefit contributions) as follows.

(2) ^{F174}

(3) In paragraph 3(a) for “tax purposes” substitute “corporation tax purposes”.

(4) In paragraph 9(1) omit the definition of “for tax purposes”.

Status: Point in time view as at 21/07/2009.

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Textual Amendments

F174 Sch. 1 para. 624(2) repealed (19.7.2007 with effect as stated in s. 34 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 114, **Sch. 27 Pt. 2(5)**

625 In Schedule 34 (policies of life insurance etc: miscellaneous amendments), in paragraph 15(1), after “1988” insert “ or Chapter 9 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 ”.

626 Omit Schedule 36 (foster carers).

Courts Act 2003 (c. 39)

627 In section 101(4)(a) of the Courts Act 2003 (bankruptcy of individuals with rights to receive periodical payments) for “section 329AA of the Income and Corporation Taxes Act 1988” substitute “ section 731 of the Income Tax (Trading and Other Income) Act 2005 ”.

Child Trust Funds Act 2004 (c. 6)

628 In section 14(1) of the Child Trust Funds Act 2004 (insurance companies and friendly societies) for “section 333 business” substitute “ plan business ”.

Finance Act 2004 (c. 12)

629 The Finance Act 2004 is amended as follows.

^{F175}630

Textual Amendments

F175 Sch. 1 para. 630 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

631 Omit section 97 (exemption from income tax for certain interest and royalty payments: introductory).

632 Omit section 98 (exemption from income tax for certain interest and royalty payments).

633 Omit section 99 (permanent establishments and “25% associates”).

634 Omit section 100 (interest payments: exemption notices).

635 ^{F176}

Textual Amendments

F176 Sch. 1 para. 635 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in Sch. 2)

636 ^{F177}

Status: Point in time view as at 21/07/2009.

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Textual Amendments

F177 Sch. 1 para. 636 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

637 Omit section 103 (special relationships).

638 Omit section 104 (anti-avoidance).

639 Omit section 106 (transitional provision).

640 **F178**

Textual Amendments

F178 Sch. 1 para. 640-643 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

641 **F179**

Textual Amendments

F179 Sch. 1 para. 640-643 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

642 **F180**

Textual Amendments

F180 Sch. 1 para. 640-643 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

643 **F181**

Textual Amendments

F181 Sch. 1 para. 640-643 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

644 In section 186(1)(b) (scheme investments: income) for “which would” to the end substitute “ which are not relevant foreign income and which would otherwise be chargeable to income tax under Chapter 8 of Part 5 of ITTOIA 2005 (income not otherwise charged). ”

645 (1) Amend section 189(2) (meaning of “relevant UK earnings”) as follows.

(2) In paragraph (b) for “Schedule D” substitute “ Part 2 of ITTOIA 2005 ”.

(3) For paragraph (c) substitute—

“(c) income to which section 833(5B) of ICTA (patent income) applies.”

646 In section 196(2) (relief for employers in respect of contributions paid) after “the purposes of” insert “ Part 2 of ITTOIA 2005 (trading income) or ”.

Status: Point in time view as at 21/07/2009.

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647 In section 197(10)(a) (spreading relief) after “charged under” insert “ Part 2 of ITTOIA 2005 (trading income) or ”.

F182 648

Textual Amendments

F182 Sch. 1 para. 648 omitted (21.7.2008) by virtue of Finance Act 2008 (c. 9), Sch. 29 para. 14(4)

649 In section 200(a) (no other relief for employers in connection with contributions) after “the purposes of” insert “ Part 2 of ITTOIA 2005 (trading income) or ”.

650 (1) Amend section 246 (restriction of deduction for non-contributory provision) as follows.

(2) In subsection (2)(a) after “the purposes of” insert “ Part 2 of ITTOIA 2005 (trading income) or ”.

(3) In subsection (3)(a) after “charged under” insert “ Part 2 of ITTOIA 2005 (trading income) or ”.

651 (1) Amend section 249 of FA 2004 (amendments of ITEPA 2003) as follows.

(2) In subsection (3), in subsection (4) of the inserted section 393B—

(a) for paragraph (a) substitute—

“(a) an excepted group life policy as defined in section 480 of ITTOIA 2005,” and

(b) in paragraph (b) for the words from “condition 1” to the end of the paragraph substitute “—

(i) condition A in section 481 of that Act would be met if paragraph (a) in that condition referred to the death, in any circumstances or except in specified circumstances, of that individual (rather than the death in any circumstances of each of the individuals insured under the policy) and if the condition did not include paragraph (b), and

(ii) conditions C and D in that section and conditions A and C in section 482 of that Act are met, or”.

(3) In subsection (8), in the inserted section 395 of ITEPA 2003, for “Case VI of Schedule D” substitute “ subsection (2) of that section ”.

652 In section 280(1) (abbreviations and general index for Part 4) omit the “and” before the definition of “ITEPA 2003” and after that definition insert “and

“ITTOIA 2005” means the Income Tax (Trading and Other Income Act) 2005.”

653 (1) Amend Schedule 15 (charge to income tax on benefit received by former owner of property) as follows.

(2) In paragraph 1 (introductory) insert in the appropriate place—

““ITTOIA 2005” means the Income Tax (Trading and Other Income Act) 2005;”.

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- (3) In paragraph 8 (intangible property comprised in settlement where settlor retains an interest)—
- (a) in sub-paragraph (1)(a)—
 - (i) for “section 660A of the Taxes Act 1988” substitute “ section 624 of ITTOIA 2005 ”, and
 - (ii) for “Part 15” substitute “ Chapter 5 of Part 5 ”, and
 - (b) in sub-paragraph (1)(b) for “subsection (2) of that section” substitute “ section 625(1) of ITTOIA 2005 (settlor's retained interest) ”.
- (4) In paragraph 9(1) (intangible property comprised in settlement where settlor retains an interest), in the definition of “T”—
- (a) in paragraph (a), for “section 547 of the Taxes Act 1988” substitute “ section 461 of ITTOIA 2005 ”,
 - (b) in paragraph (b) for “section 660A of that Act” substitute “ section 624 of that Act ”, and
 - (c) in paragraph (c) for “that Act” substitute “ the Taxes Act 1988 ”.
- (5) In paragraph 22(3)(b) (election for application of inheritance tax provisions) for “section 660A of the Taxes Act 1988” substitute “ section 624 of ITTOIA 2005 ”.
- 654 In paragraph 1(4) and (6) of Schedule 24, for the words from “(and” to “have” substitute “ has ”.
- 655 In paragraph 12 of Schedule 35 (pension schemes etc: minor and consequential amendments) for the words from “for” to the end substitute “for the words from the beginning to “, if the claimant” substitute “Subject to subsection (2) below, section 274 of this Act and sections 192 to 194 of the Finance Act 2004, if the claimant
- .”
- 656 (1) Amend Schedule 36 (pension schemes etc: transitional provisions and savings) as follows.
- (2) In paragraph 41(a) (employers' contributions relieved before 6th April 2006) after “the purposes of” insert “ Part 2 of ITTOIA 2005 (trading income) or ”.
 - (3) In paragraph 53(2)(b) (benefits taxable under Chapter 2 of Part 6 of ITEPA 2003: contributions taxed pre-commencement) for “to tax under Case VI of Schedule D by virtue of” substitute “ to income tax under subsection (2) of ”.

Pensions Act 2004 (c. 35)

- 657 The Pensions Act 2004 is amended as follows.
- 658 In Schedule 3 (restricted information held by the Regulator: certain permitted disclosures to facilitate exercise of functions), in the second column, in the entry relating to the Commissioners of Inland Revenue or their officers—
- (a) omit the “or” before paragraph (e), and
 - (b) at the end of that paragraph insert “or
 - (f) the Income Tax (Trading and Other Income) Act 2005 (so far as relating to functions previously exercised under the Income and Corporation Taxes Act 1988).”

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- 659 In Schedule 8 (restricted information held by the Board: certain permitted disclosures to facilitate exercise of functions), in the second column, in the entry relating to the Commissioners of Inland Revenue or their officers—
- (a) omit the “or” before paragraph (e), and
 - (b) at the end of that paragraph insert “or
 - (f) the Income Tax (Trading and Other Income) Act 2005 (so far as relating to functions previously exercised under the Income and Corporation Taxes Act 1988).”

SCHEDULE 2 **U.K.**

Section 883

TRANSITIONALS AND SAVINGS ETC.

PART 1 **U.K.**

GENERAL PROVISIONS

Continuity of the law: general

- 1 The repeal of provisions and their enactment in a rewritten form by this Act does not affect the continuity of the law.
- 2 Paragraph 1 does not apply to any change made by this Act in the effect of the law.
- 3 Any subordinate legislation or other thing which—
- (a) has been made or done, or has effect as if made or done, under or for the purposes of a superseded enactment so far as it applied for relevant tax purposes, and
 - (b) is in force or effective immediately before the commencement of the corresponding rewritten provision,
- has effect after that commencement as if made or done under or for the purposes of the rewritten provision.
- 4 (1) Any reference (express or implied) in this Act, another enactment or an instrument or document to a rewritten provision is to be read as including, in relation to times, circumstances or purposes in relation to which any corresponding superseded enactment had effect for relevant tax purposes, a reference to the superseded enactment so far as applying for those relevant tax purposes.
- (2) In particular, any reference (express or implied) in this Act, another enactment or an instrument or document to—
- (a) the profits of a UK property business,
 - (b) relevant foreign income, or
 - (c) similar concepts created by this Act,
- is to be read as including, in relation to times, circumstances or purposes in relation to which any corresponding concept in a superseded enactment had effect for income tax purposes, a reference to that concept so far as applying for income tax purposes.
- (3) Any reference (express or implied) in this Act, another enactment or an instrument or document to—

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- (a) things done under or for the purposes of a rewritten provision, or
 - (b) things falling to be done under or for the purposes of a rewritten provision,
- is to be read as including, in relation to times, circumstances or purposes in relation to which any corresponding superseded enactment had effect for relevant tax purposes, a reference to things done or falling to be done under or for the purposes of the superseded enactment so far as applying for those relevant tax purposes.
- 5 (1) Any reference (express or implied) in any enactment, instrument or document to a superseded enactment in its application for relevant tax purposes is to be read, so far as is required for those relevant tax purposes, as including, in relation to times, circumstances or purposes in relation to which any corresponding rewritten provision has effect, a reference to the rewritten provision.
- (2) In particular, any reference (express or implied) in any enactment, instrument or document to Schedule A, D or F or the Cases of Schedule D in their application for income tax purposes is to be read, so far as is required for income tax purposes, as including, in relation to times, circumstances or purposes in relation to which any corresponding rewritten concept has effect, a reference to the rewritten concept.
- (3) Any reference (express or implied) in any enactment, instrument or document to—
- (a) things done under or for the purposes of a superseded enactment in its application for relevant tax purposes, or
 - (b) things falling to be done under or for the purposes of a superseded enactment in its application for relevant tax purposes,
- is to be read, so far as is required for those relevant tax purposes, as including, in relation to times, circumstances or purposes in relation to which any corresponding rewritten provision has effect, a reference to things done or falling to be done under or for the purposes of the rewritten provision.
- 6 (1) Paragraphs 1 to 5 have effect instead of section 17(2) of the Interpretation Act 1978 (c. 30) (but are without prejudice to any other provision of that Act).
- (2) Paragraphs 4 and 5 apply only so far as the context permits.

General saving for old transitional provisions and savings

- 7 (1) The repeal by this Act of a transitional or saving provision relating to the coming into force of a provision rewritten in this Act does not affect the operation of the transitional or saving provision, so far as it is not specifically rewritten in this Act but remains capable of having effect in relation to the corresponding provision of this Act.
- (2) The repeal by this Act of an enactment previously repealed subject to savings does not affect the continued operation of those savings.
- (3) The repeal by this Act of a saving on the previous repeal of an enactment does not affect the operation of the saving so far as it is not specifically rewritten in this Act but remains capable of having effect.

General saving for section 9(5) of ICTA

- 8 (1) Sub-paragraph (2) applies if—
- (a) as a result of this Act, an enactment which applies to both income tax and corporation tax (“the original enactment”) has become an enactment which

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- applies to income tax and an enactment which applies to corporation tax (“the successor enactments”),
- (b) immediately before 6th April 2005, section 9(5) of ICTA (taxes treated as one in certain circumstances) had effect in relation to the original enactment, and
 - (c) no express provision is made by this Act to preserve this effect.
- (2) The successor enactments are not to be affected in their operation by the fact that income tax and corporation tax are distinct taxes but they are to apply in relation to income tax and corporation tax as if they were one tax so far as is—
- (a) consistent with the Corporation Tax Acts, and
 - (b) required to preserve the effect of section 9(5) of ICTA,
- and the successor enactments are to be read accordingly.

Partnerships involving companies

- 9 (1) References in this Act to any person are to be read, in the case of a person acting in partnership with other persons of whom at least one is a company chargeable to corporation tax, as references to all the partners so far as is required for the purposes of preserving the continuity of the law.
- (2) References to a company or other person in any provision amended in its application for corporation tax purposes by this Act are to be read, in the case of a company acting in partnership with other persons of whom at least one is not a company, as references to all the partners so far as is required for the purposes of preserving the continuity of the law.

Interpretation

- 10 (1) In this Part—
- “enactment” includes an enactment comprised in subordinate legislation (within the meaning of the Interpretation Act 1978 (c. 30)),
 - “relevant tax purposes” means, in relation to a superseded enactment, tax purposes for which the enactment has been rewritten by this Act, and
 - “superseded enactment” means an earlier enactment which has been rewritten by this Act for certain tax purposes (whether it applied only for those purposes or for those and other tax purposes).
- (2) References in this Part to the repeal of a provision include references to its revocation and to its express or implied disapplication for income tax purposes of this Act.
- (3) References in this Part to tax purposes are not limited to income tax purposes.

PART 2 U.K.

CHANGES IN THE LAW

- 11 (1) This paragraph applies if, in the case of any person—
- (a) a thing is done or an event occurs before 6th April 2005, and
 - (b) because of a change in the law made by this Act, the tax consequences of that thing or event for the relevant period are different from what they would otherwise have been.

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- (2) If that person so elects, this Act applies with such modifications as may be necessary to secure that the tax consequences for the relevant period are the same as they would have been if the change in the law had not been made.
- (3) In sub-paragraphs (1) and (2) “the relevant period” means—
 - (a) for income tax purposes, any period of account beginning before and ending on or after 6th April 2005, and
 - (b) for corporation tax purposes, any accounting period beginning before and ending on or after 6th April 2005.
- (4) If this paragraph applies in the case of two or more persons in relation to the same thing or event, an election made under this paragraph by any one of those persons is of no effect unless a corresponding election is made by the other or each of the others.
- (5) An election under this paragraph must be made—
 - (a) for income tax purposes, on or before the first anniversary of the normal self-assessment filing date for the tax year in which the period of account ends, and
 - (b) for corporation tax purposes, no later than two years after the end of the accounting period.

PART 3 **U.K.**

TRADING INCOME

Unpaid remuneration

- 12 (1) This paragraph applies for the purposes of section 36.
- (2) In relation to a period of account ending before 27th November 2002, an amount charged in the accounts in respect of employees' remuneration includes an amount which is held by an intermediary with a view to its becoming employees' remuneration.
- (3) In relation to a period of account ending on or after 27th November 2002, an amount charged in the accounts in respect of employees' remuneration includes an amount—
 - (a) in respect of employee benefit contributions (within the meaning of sections 38 to 44) made before that date, and
 - (b) which is held by an intermediary,with a view to its becoming employees' remuneration.

Employee benefit contributions

- 13 Sections 38 to 44 do not apply to deductions that would otherwise be allowed—
 - (a) for a period ending before 27th November 2002, or
 - (b) in respect of employee benefit contributions made before that date.
- 14 (1) In relation to any time before the coming into force of ITEPA 2003—
 - (a) section 40(7) applies as if, in the definition of “employment income tax charge”, for “tax under ITEPA 2003” there were substituted “income tax under Schedule E”,

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- (b) section 41(1) applies as if for “treated as received” to the end there were substituted “ treated as received for the purposes of section 202A(1)(a) of ICTA (applying the rules in section 202B(1) to (6) of that Act (receipts basis of assessment for Schedule E)). ”, and
- (c) section 41(3) applies as if for “tax under ITEPA 2003” there were substituted “ income tax under Schedule E ”.
- (2) The express provision made by this paragraph does not affect the construction of other provisions of this Act as a result of the operation of paragraph 5 of this Schedule on paragraph 4 of Schedule 7 to ITEPA 2003 (references in enactment to rewritten provisions include corresponding repealed provisions) or on any similar provision (for example paragraph 4 of Schedule 3 to CAA 2001).
- 15 (1) Subject to sub-paragraph (7), sections 38 to 44 apply before 6th April 2006 with the following amendments.
- (2) In section 38(4)—
- (a) for paragraphs (b) and (c) and the word “or” at the end of paragraph (c) substitute—
- “(b) contributions under a retirement benefits scheme within the meaning of Chapter 1 of Part 14 of ICTA (see section 611 of that Act),
- (c) contributions under a personal pension scheme approved under Chapter 4 of that Part (see section 630 of that Act), or”, and
- (b) omit “For the purposes of paragraph (c)” to the end.
- (3) In section 39—
- (a) in subsection (1)(b) omit “, or in respect of, present or former”, and
- (b) in subsection (2) omit “present or former”.
- (4) In section 40—
- (a) in subsection (1) for “, C or D” substitute “ or C ”, and
- (b) omit subsection (5).
- (5) In section 41(1) omit paragraph (b) and the word “and” before it.
- (6) In section 44(1) omit the definition of “employer-financed retirement benefits scheme”.
- (7) The power of the Treasury to make an order under section 281 or 283 of FA 2004 has effect as if Schedule 35 to that Act contained an amendment substituting sections 38 to 44 of this Act for those sections as amended by sub-paragraphs (2) to (6) above.

F183
...

Textual Amendments

F183 Sch. 2 paras. 16, 17 and heading omitted (with effect in accordance with Sch. 11 paras. 65-67 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 11 para. 44](#)

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F183 17

Crime-related payments

18 Section 55(1)(b) does not apply to expenditure which was incurred before 1st April 2002.

Tenants under taxed leases

19 (1) This paragraph relates to the operation of sections 60 to 67 where, in respect of a lease—

- (a) there is a receipt of a Schedule A business or an overseas property business (within the meaning of section 65A(4) or 70A(4) of ICTA) as a result of section 34 or 35 of ICTA (treatment of premiums etc. as rent and assignments for profit of lease granted at an undervalue) for a tax year before the tax year 2005-06 or an accounting period ending before 6th April 2005, or
- (b) there would be such a receipt, but for the operation of section 37(2) or (3) of ICTA (reductions in certain receipts under section 34 or 35 of ICTA).

In this paragraph and paragraph 20 such a receipt is referred to as a “pre-commencement receipt”.

(2) For the purposes of sections 60 to 67—

- (a) the lease is treated as a taxed lease, and
- (b) the pre-commencement receipt is treated as a taxed receipt.

(3) For the purposes of those sections, the “receipt period” of a taxed receipt which is a pre-commencement receipt is—

- (a) in the case of a pre-commencement receipt as a result of section 34 of ICTA, the period treated in calculating the amount of the receipt as being the duration of the lease, and
- (b) in the case of a pre-commencement receipt as a result of section 35 of ICTA, the period treated in calculating the amount of the receipt as being the duration of the lease remaining at the date of the assignment.

(4) For the purposes of sections 60 to 67 the “unreduced amount” of a taxed receipt which is a pre-commencement receipt is the amount of the pre-commencement receipt as a result of section 34 or 35 of ICTA, before the operation of section 37(2) or (3) of ICTA.

(5) Sub-paragraph (6) applies to a taxed receipt which is a pre-commencement receipt arising as a result of section 34(2) of ICTA (obligation on tenant to carry out work under lease).

(6) If the obligation to carry out work included the carrying out of work which gave or will give rise to expenditure for which an allowance has been, or may be, made under the enactments relating to capital allowances, the unreduced amount of the taxed receipt is calculated as if the obligation had not included the carrying out of that work.

20 (1) This paragraph provides for the application of section 61 as a result of section 63 if—

- (a) a lease is a taxed lease as a result of paragraph 19,
- (b) another lease is granted out of the taxed lease,

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- (c) in calculating the amount of a pre-commencement receipt in respect of the other lease, there is a reduction under section 37(2) or (3) of ICTA by reference to the amount chargeable on the superior interest for the purposes of that section, and
 - (d) as a result of paragraph 19 the amount chargeable on the superior interest is the taxed receipt for the purposes of section 61.
- (2) Sections 61 to 65 apply as follows—
- (a) the pre-commencement receipt is treated as if it were a lease premium receipt for the purposes of sections 64 and 65,
 - (b) references in those sections to the reduction under section 288 by reference to the taxed receipt are, in relation to the pre-commencement receipt, to the reduction under section 37(2) or (3) of ICTA by reference to the amount chargeable on the superior interest, and
 - (c) for the purposes of those sections the receipt period of the pre-commencement receipt is—
 - (i) in the case of a pre-commencement receipt as a result of section 34 of ICTA, the period treated in calculating the amount of the receipt as being the duration of the lease, and
 - (ii) in the case of a pre-commencement receipt as a result of section 35 of ICTA, the period treated in calculating the amount of the receipt as being the duration of the lease remaining at the date of the assignment.
- (3) References to a reduction under section 37(2) or (3) of ICTA in a pre-commencement receipt by reference to the amount chargeable on the superior interest are to the difference between—
- (a) the amount of the pre-commencement receipt before the operation of section 37(2) or (3) of ICTA, and
 - (b) the amount of the receipt after the operation of that subsection,
- so far as attributable to the amount chargeable on the superior interest for the purposes of section 37 of ICTA.

Seconded employees

- 21 (1) This paragraph applies if—
- (a) the period of account of a trade begins before 1st April 2003 and ends on or after 6th April 2005, and
 - (b) in that period of account the person carrying on the trade made the services of a person employed for the purposes of the trade available to a self-governing school within the meaning of the Self-Governing Schools etc. (Scotland) Act 1989 (c. 39) on a basis that was stated and intended to be temporary.
- (2) For the purposes of section 70 an “educational establishment”, in Scotland, includes such a school (despite the fact that, following the abolition of such schools on 1st April 2003, section 86(5)(d) of ICTA is not re-written in this Act).
- (3) This paragraph applies to professions and vocations as it applies to trades.

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Training courses for employees

- 22 (1) This paragraph applies if, without the modifications to section 588 of ICTA (training courses for employees) made by this Act—
- (a) section 588(5) of ICTA would operate in relation to an employee by virtue of paragraph (a) of that provision and paragraph 37 of Schedule 7 to ITEPA 2003 (savings in relation to tax years before 2003-04),
 - (b) section 588(5) of ICTA would operate in relation to an employer by virtue of paragraph (b) of that provision and paragraph 37 of Schedule 7 to ITEPA 2003, or
 - (c) section 588(6) and (7) of ICTA would operate in relation to an employer by virtue of paragraph 37 of Schedule 7 to ITEPA 2003.
- (2) Those modifications do not apply in relation to—
- (a) the operation of section 588(5) of ICTA in relation to the employee as mentioned in sub-paragraph (1)(a),
 - (b) the operation of section 588(5) of ICTA in relation to the employer as mentioned in sub-paragraph (1)(b), and
 - (c) the operation of section 588(6) and (7) of ICTA in relation to the employer as mentioned in sub-paragraph (1)(c).
- 23 (1) This paragraph applies if—
- (a) at any time during the period beginning with 6th April 2003 and ending with 5th April 2005, a person (“the employer”) incurred expenditure in paying or reimbursing retraining course expenses within the meaning of section 311 of ITEPA 2003,
 - (b) the employer's liability to income tax for any tax year has been determined (before or after the passing of this Act, and by assessment or otherwise) on the assumption that, by virtue only of section 588(3) of ICTA, the employer is entitled to a deduction on account of the expenditure, and
 - (c) before 6th April 2005, no assessment has been made under section 29(1) of TMA 1970 by virtue of section 588(5) of ICTA of an amount due in consequence of the failure by the person in respect of whom the expenditure was incurred to meet a condition of the kind mentioned in section 312(1)(b) (i) or (ii) of ITEPA 2003.
- (2) Section 75 (retraining courses: recovery of tax) applies in relation to the employer as if the condition in subsection (1) were met.
- (3) In the application of that section to the employer, references to “the employee” are to the person in respect of whom the expenditure was incurred by the employer.

Contributions to urban regeneration companies

- 24 Section 82 does not apply to any contribution which was made to an urban regeneration company before 1st April 2003.

Local enterprise agencies

- 25 To the extent that any function of the Scottish Ministers under section 79 of ICTA was, before 6th April 2005, also exercisable by the Secretary of State for the purposes specified in section 2(2) of the European Communities Act 1972 (c. 68) that function as rewritten in—

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- (a) section 83(2) (meaning of “local enterprise agency”),
 - (b) section 84 (approval of local enterprise agencies), or
 - (c) section 85 (supplementary provisions with respect to approvals),
- continues to be also exercisable by the Secretary of State for those purposes.

Expenses connected with patents, designs and trade marks

- 26 (1) This paragraph applies if—
- (a) fees have been incurred, but not paid, for the purposes of a trade in connection with any of the matters mentioned in section 89 or 90,
 - (b) the fees were incurred in a period of account no part of which falls in the basis period for the tax year 2005-06 or a subsequent tax year, and
 - (c) the fees have not been taken into account in calculating the profits of the trade of any tax year.
- (2) A deduction is allowed for the fees in calculating the profits of the period of account in which they are paid.

Payments to Export Credits Guarantee Department

- 27 (1) This paragraph applies if—
- (a) a sum is payable, but not paid, by the person carrying on a trade to the Export Credits Guarantee Department under an agreement mentioned in section 91(1)(a) or with a view to entering into such an agreement,
 - (b) the sum was incurred in a period of account no part of which falls in the basis period for the tax year 2005-06 or a subsequent tax year, and
 - (c) the sum has not been taken into account in calculating the profits of the trade of any tax year.
- (2) A deduction is allowed for the sum in calculating the profits of the period of account in which it is paid.
- (3) This paragraph applies to professions and vocations as it applies to trades.

Reverse premiums

- 28 (1) Sections 101 and 102 do not apply to a reverse premium—
- (a) which was received before 9th March 1999, or
 - (b) to which the recipient was entitled immediately before that date.
- (2) In determining whether a reverse premium was one to which the recipient was entitled immediately before 9th March 1999, no account is to be taken of any arrangements made on or after that date.

Sums recovered under insurance policies etc.

- 29 (1) Section 106 does not apply if—
- (a) a person carrying on a trade recovers a sum mentioned in that section, and
 - (b) the sum has been taken into account in calculating the profits of the trade of a tax year before the tax year 2005-06.
- (2) This paragraph applies to professions and vocations as it applies to trades.

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Meaning of “designated educational establishment”

- 30 To the extent that the power of the National Assembly for Wales to make regulations under section 84(5) of ICTA was, before 6th April 2005, also exercisable by the Secretary of State for the purpose of—
- (a) implementing any Community obligation of the United Kingdom,
 - (b) enabling any such obligation to be implemented,
 - (c) enabling any rights enjoyed or to be enjoyed by the United Kingdom under or by virtue of the Community Treaties to be exercised, or
 - (d) dealing with matters arising out of or related to any such obligation or rights or the operation of section 2(1) of the European Communities Act 1972 (c. 68),
- that power as rewritten in section 110 continues to be also exercisable by the Secretary of State for those purposes.

Films and sound recordings

- 31 (1) This paragraph applies to—
- (a) production expenditure in respect of the original master version of a film which (within the meaning of Chapter 9 of Part 2) was completed before 21st March 2000,
 - (b) production expenditure in respect of the original master version of a film which (within the meaning of that Chapter) is completed on or after that date, if the first day of principal photography was before that date (but see sub-paragraph (4)), and
 - (c) acquisition expenditure in respect of the original master version of a film which was incurred before 6th April 2000.
- (2) For this purpose acquisition expenditure in respect of the original master version of a film includes the acquisition of any description of rights in the original master version of a film (whether or not held or acquired with it).
- (3) In relation to expenditure to which this paragraph applies—
- (a) section 130(4) applies with the omission of “that are held or acquired with it”,
 - (b) section 131(5) applies with the insertion at the end of “ or, if the expenditure is acquisition expenditure and the acquisition takes place after that time, at the time of the acquisition ”, and
 - (c) section 134(1) applies with the insertion after “acquisition expenditure,” of “ and the expenditure would otherwise constitute capital expenditure on the provision of plant or machinery for the purposes of Part 2 of CAA 2001, ”.
- (4) This paragraph does not apply to expenditure falling within sub-paragraph (1)(b) if the person incurring the expenditure so elects.
- (5) Any such election is irrevocable.
- 32 (1) Sections 134 and 135 do not apply in relation to expenditure incurred by a person carrying on a trade which consists of or includes the exploitation of original master versions of films if—
- (a) the expenditure is incurred on the production or acquisition of an original master version of a film completed before 10th March 1992 (within the meaning of Chapter 9 of Part 2),

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- (b) the original master version is a certified master version,
 - (c) its value is expected to be realised over a period of not less than two years, and
 - (d) the film is genuinely intended for theatrical release.
- (2) Sub-paragraph (1)(d) does not apply if—
- (a) the original master version of the film was certified before 17th April 2002 by the Secretary of State under Schedule 1 to the Films Act 1985 (c. 21) as a qualifying film, tape or disc, or
 - (b) an application for such certification was received by the Secretary of State before that date.
- 33 Section 137 does not apply in relation to expenditure which was incurred before 10th March 1992.
- 34 ^[F184]Sections 138 and 138A do] not apply in relation to production or acquisition expenditure in respect of the original master version of a film which was completed before 10th March 1992.

Textual Amendments

F184 Words in [Sch. 2 para. 34](#) substituted (with effect as mentioned in [Sch. 3 para. 31\(2\)](#) of the amending Act) by [Finance Act 2005 \(c. 7\), s. 59](#), [Sch. 3 para. 30\(4\)](#)

- 35 (1) Any requirement in Chapter 9 of Part 2 for a film to be genuinely intended for theatrical release does not apply to a film completed (within the meaning of that Chapter)—
- (a) on or after 17th April 2002 if—
 - (i) an application for certification was received by the Secretary of State before that date, or
 - (ii) the film is a qualifying drama (see sub-paragraph (2)),
 - (b) before 1st January 2002 if—
 - (i) the film was certified by the Secretary of State before 17th April 2002, or
 - (ii) an application for certification was received by the Secretary of State before 17th April 2002, or
 - (c) at any time in the period beginning with 1st January 2002 and ending with 16th April 2002.

References in this sub-paragraph to certification are to certification of the original master version of the film under Schedule 1 to the Films Act 1985 (c. 21) as a qualifying film, tape or disc.

- (2) A film is a qualifying drama if—
- (a) it is a drama with an average production expenditure per hour of running time of the completed film greater than £500,000,
 - (b) it was commissioned on or before 17th April 2002, and
 - (c) the first day of principal photography was on or before 30th June 2002.
- (3) For the purposes of sub-paragraph (2) “drama” does not include—
- (a) anything in the nature of—
 - (i) an advertisement or promotional film,

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- (ii) a discussion programme, news or current affairs programme, quiz show, panel show, variety show or similar entertainment, or
 - (iii) a training film, or
 - (b) a film of a live event or of a theatrical or artistic performance given otherwise than for the purpose of being filmed,
but it includes a documentary involving the dramatic reconstruction of events if the dramatic content forms 50% or more of the running time.
- (4) For the purposes of sub-paragraph (2) the production expenditure on a film means the total production expenditure in respect of the original master version of the film (as defined by section 141).
- 36 Sections 139 and 140 do not apply if—
- (a) the expenditure was incurred before 2nd July 1997 (as determined by section 142), or
 - (b) the film was completed before that date (within the meaning of Chapter 9 of Part 2).
- 37 Sections 139(4) and 141(3) do not apply to any film which was completed before 17th April 2002.
- 38 The requirement in section 140 for the acquisition to be a relevant acquisition does not apply in relation to expenditure which was incurred before 30th June 2002 (as determined by section 142).

Certain telecommunication rights

- 39 Chapter 10 of Part 2 does not apply to an infeasible right to use a telecommunications cable system (“IRU”) acquired before 21st March 2000.
- 40 (1) That Chapter also does not apply to an IRU acquired by a person on or after that date (directly or indirectly) from an associate or an associated company if the associate or associated company acquired the IRU before that date.
- (2) In sub-paragraph (1)—
- “associate” has the meaning given by section 417(3) and (4) of ICTA, and
 - “associated company”—
- (a) in relation to another company, has the meaning given by section 416(1) of that Act, and
 - (b) in relation to any other person, means a company of which that person has control within the meaning of subsections (2) to (6) of that section.

Dealers in securities etc: taxation of amounts taken to reserves

- 41 (1) Section 149 does not apply in relation to periods of account beginning before 1st January 2005.
- (2) But, in the case of a company required to prepare accounts—
- (a) under the Companies Act 1985 (c. 6), or
 - (b) under the Companies (Northern Ireland) Order 1986 (S.I. 1986/1032 (N.I. 6)),

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that section does apply in relation to a period of account beginning before that date for which the company is required or permitted to prepare such accounts in accordance with international accounting standards.

Purchase or sale of woodlands

- 42 Section 156 does not apply if the purchase mentioned in subsection (2) of that section was made under a contract entered into before 1st May 1963.

Ministers of religion

- 43 (1) This paragraph applies if—
- (a) expenses have been incurred, but not borne, by a minister of a religious denomination on any of the matters mentioned in section 159(3),
 - (b) the expenses were incurred in a period of account no part of which falls in the basis period for the tax year 2005-06 or a subsequent tax year, and
 - (c) the part of the expenses corresponding to the amount under section 159(4) has not been taken into account in calculating the profits of the profession or vocation of the minister of any tax year.
- (2) A deduction is allowed under section 159(3) for that part of the expenses in calculating the profits of the period of account in which the expenses are borne.

Waste disposal

- 44 If the predecessor ceased to carry on the trade carried on by the trader, or ceased to carry on a trade so far as relating to the site, before 21st March 2000, section 165 applies as if—
- (a) “, or a predecessor,” in subsection (1) were omitted, and
 - (b) subsections (3) and (4) were omitted.
- 45 If the trade carried on by the trader was started before 1st April 1993, the definition of “waste disposal licence” in section 167(1) applies for the purposes of sections 165 and 166 as if paragraphs (d) and (e) of the definition were omitted (radioactive waste and nuclear site authorisations or licences).
- 46 Section 167(2) does not apply for the purposes of sections 165 and 166 if the trade was started before 1st April 1993.

Valuation of trading stock on cessation

- 47 (1) This paragraph applies if—
- (a) a period of account of a trade begins before 6th April 2004 and ends on or after 6th April 2005 (“the straddling period of account”), and
 - (b) as a result of paragraph 48, the profits or losses of the period of account are to be calculated in accordance with Part 2 of this Act.
- (2) Subsection (2) of section 173 (valuation of trading stock on cessation) does not apply in relation to the part of the period of account which—
- (a) begins with the straddling period of account, and
 - (b) ends with 5th April 2004,
- and the profits or losses of the trade are to be calculated accordingly.

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Apportionment of profits or losses to tax years before tax year 2005-06

- 48 (1) This paragraph applies if—
- (a) a period of account of a trade, profession or vocation begins before 6th April 2005 and ends on or after that date,
 - (b) the period of account, or part of the period of account, falls in the basis period for the tax year 2005-06,
 - (c) part of the period of account also falls in the basis period (or periods) for an earlier tax year (or years), and
 - (d) in order to arrive at the profits or losses of the basis period for any earlier tax year it is necessary to apportion the profits or losses of the period of account to any part of the period of account falling in that basis period.
- (2) The profits or losses of the period of account—
- (a) are calculated in accordance with Part 2 of this Act (and therefore, to that extent, that Part has effect for tax years before the tax year 2005-06), and
 - (b) may be apportioned in accordance with section 203 to any part of the period of account falling in a basis period for a tax year before the tax year 2005-06.

Treatment of business start-up payments received in an overlap period

- 49 (1) There is an exception to the rule that, subject to Part 8, the charge to tax under Chapter 2 of Part 2 on the profits of a trade, profession or vocation of a tax year operates by reference to the profits of the basis period for the tax year (which may include a period falling before 6th April 2005).
- (2) The exception is that section 207 does not apply to payments received before 6th April 2005.

Profits or losses of a trade, profession or vocation previously chargeable in accordance with section 65(1) of ICTA

- 50 (1) This paragraph applies if—
- (a) a person carries on a trade, profession or vocation wholly outside the United Kingdom, and
 - (b) the trade, profession or vocation was chargeable to income tax in accordance with section 65(1) of ICTA (Case IV and V assessments: general) for a tax year before 2005-06.
- (2) If the trade, profession or vocation was so chargeable for the tax year 2004-05, the person is treated for the purpose of determining the basis period for the tax year 2005-06 and subsequent tax years as if the person started to carry on the trade, profession or vocation on 6th April 2005.
- (3) ^{F185}

Textual Amendments

F185 Sch. 2 para. 50(3) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1031, 1034, Sch. 1 para. 588, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

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Profits of mines, quarries and other concerns not chargeable by reference to a basis period

- 51 (1) This paragraph applies if any profits or losses arising out of land in the case of any concern specified in section 55(2) of ICTA—
- (a) arose in the tax year 2004-05, and
 - (b) were calculated for that tax year otherwise than by reference to a basis period.
- (2) For the purpose of determining the basis period for the tax year 2005-06 and subsequent tax years, the concern is treated as if it were a trade which was started to be carried on by a person on 6th April 2005.
- (3) Paragraph 48 of this Schedule applies in relation to any case to which this paragraph applies as if references to a basis period for a tax year (an “earlier tax year”) before the tax year 2005-06 were references to that earlier tax year.

Overlap profit: pre-April 1994 trades, professions and vocations

- 52 (1) This paragraph applies in the case of a trade, profession or vocation which was—
- (a) set up and commenced by a person before 6th April 1994, and
 - (b) continued by the person after 5th April 1997,
- and the profits of which were chargeable to income tax under Case I or II of Schedule D for the tax year 1997-98.
- (2) For the purposes of Chapter 15 of Part 2 “overlap profit” includes the amount of profits or gains of the basis period for the tax year 1997-98 which—
- (a) arose after the end of the basis period for the tax year 1996-97 or, in the case of a trade or profession carried on by a firm, the basis period of the firm for that year, and
 - (b) arose before 6th April 1997.
- (3) In calculating the amount of the profits or gains of the basis period for the tax year 1997-98 which arose as mentioned above—
- (a) any deduction of a capital allowance, and
 - (b) any addition of a balancing charge,
- are ignored.
- (4) But sub-paragraph (3) does not apply in the case of a trade or profession carried on by a firm which included both an individual and a company.
- (5) For the purposes of this paragraph the basis period for the tax year 1996-97 is determined in accordance with paragraph 1 of Schedule 20 to FA 1994 despite the repeal by this Act of that paragraph.
- (6) This paragraph is subject to Schedule 22 to FA 1995 (prevention of exploitation of the transitional rules facilitating self-assessment).
- 53 (1) This paragraph applies in the case of income which—
- (a) was immediately derived from the carrying on of a trade, profession or vocation set up and commenced by a person before 6th April 1994 and continued by the person after 5th April 1998, and
 - (b) was chargeable to income tax under Case IV or V of Schedule D for the tax year 1997-98.

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- (2) But, in the case of income which was chargeable to tax by reference to the amounts of income received in the United Kingdom, this paragraph applies only if the date on which the first amount of income was received in the United Kingdom was before 6th April 1994.
- (3) For the purposes of Chapter 15 of Part 2 “overlap profit” includes the amount of profits or gains of the basis period for the tax year 1997-98 which arose before 6th April 1997.
- (4) This paragraph is subject to Schedule 22 to FA 1995 (prevention of exploitation of the transitional rules facilitating self-assessment).
- 54 The repeal by this Act of paragraphs 2, 6 and 10 of Schedule 20 to FA 1994 (changes for facilitating self-assessment: transitional provisions and savings) does not affect the continuing application of the assumptions mentioned in paragraph 11(4) of that Schedule (double taxation relief).

Averaging profits of farmers and creative artists

- 55 (1) The first tax years which may be the subject of an averaging claim under section 222 are the tax years 2004-05 and 2005-06.
- (2) If—
- (a) an individual carries on a trade of farming or market gardening in the United Kingdom in partnership, and
 - (b) but for the repeal by this Act of section 96 of ICTA the individual could have made a claim under that section in relation to the profits of that trade for the tax years 2004-05 and 2005-06,
- the individual may make an averaging claim under section 222 of this Act in relation to those profits for those tax years (despite anything in Chapter 16 of Part 2 of this Act to the contrary).

Adjustment on change of basis

- 56 (1) Chapter 17 of Part 2 applies to a change of basis taking effect for a period of account which ends on or after 6th April 2005.
- (2) For this purpose the period of account for which a change of basis takes effect is the first period of account for which the new basis is adopted.
- 57 (1) Subject to sub-paragraph (3), section 232 applies before 6th April 2006 with the following amendment.
- (2) In subsection (4)—
- (a) before paragraph (a) insert—
 - “(aa) relevant earnings within section 623(2)(c) or 644(2)(c) of ICTA, or”,
 - (b) omit paragraph (b) and the word “or” before it, and
 - (c) for “earned income or relevant UK earnings” substitute “relevant earnings or earned income”.
- (3) The power of the Treasury to make an order under section 281 or 283 of FA 2004 has effect as if Schedule 35 to that Act contained an amendment substituting section 232(4) of this Act for that subsection as amended by sub-paragraph (2) above.

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- 58 If—
- (a) an individual has made an election under paragraph 12 of Schedule 22 to FA 2002 (election by barrister or advocate to accelerate adjustment charge),
 - (b) as a result of the election sub-paragraph (4) of that paragraph applies in relation to the tax year 2004-05, and
 - (c) the election is in force immediately before 6th April 2005,
- the election continues to apply in relation to the tax year 2005-06 and subsequent tax years (despite paragraph 3 of this Schedule).
- 59 Section 104(4) of ICTA (which, despite its repeal, applies in relation to any change of accounting basis occurring before 6th April 1999) does not apply if the person who would be liable to tax as a result of the change was born before 6th April 1917.

Post-cessation receipts

- 60 (1) Subject to sub-paragraph (4), section 256 applies before 6th April 2006 with the following amendments.
- (2) In subsection (1)(b)—
- (a) after “from the trade was” insert “ relevant earnings within section 623(2) (c) or 644(2)(c) of ICTA or ”, and
 - (b) omit “or relevant UK earnings within section 189(2)(b) of FA 2004”.
- (3) In subsection (2) for “earned income or relevant UK earnings” substitute “ relevant earnings or earned income ”.
- (4) The power of the Treasury to make an order under section 281 or 283 of FA 2004 has effect as if Schedule 35 to that Act contained an amendment substituting section 256 of this Act for that section as amended by sub-paragraphs (2) and (3) above.
- 61 Chapter 18 of Part 2 does not apply in relation to a post-cessation receipt if—
- (a) the person who would be liable to tax on the receipt was born before 6th April 1917, and
 - (b) the cessation of the trade occurred before 6th April 2000.

PART 4 U.K.

PROPERTY INCOME

Apportionment of profits or losses to tax years before tax year 2005-06

- 62 (1) This paragraph applies if—
- (a) a period of account of a property business begins before 6th April 2005 and ends on or after that date, and
 - (b) in order to arrive at the profits or losses of a tax year before the tax year 2005-06 it is necessary to apportion the profits or losses of the period of account to any part of that period falling in a tax year before the tax year 2005-06.
- (2) The profits or losses of the period of account—
- (a) are calculated in accordance with Part 3 of this Act (and therefore, to that extent, that Part has effect for tax years before the tax year 2005-06), and

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- (b) may be apportioned in accordance with section 275 to any part of the period of account falling in a tax year before the tax year 2005-06.

Lease premiums

- 63 Section 277 does not apply in relation to a lease granted pursuant to a contract entered into before 4th April 1963.

Lease premiums: sums payable instead of rent

- 64 Section 279 does not apply in relation to a lease granted—
- (a) before 6th April 1963, or
 - (b) pursuant to a contract entered into before 4th April 1963.

Lease premiums: sums payable for surrender of lease

- 65 Section 280 does not apply in relation to a lease granted—
- (a) before 6th April 1963, or
 - (b) pursuant to a contract entered into before 4th April 1963.

Lease premiums: assignments for profit of lease granted at undervalue

- 66 Section 282 does not apply in relation to a lease granted —
- (a) before 6th April 1963, or
 - (b) pursuant to a contract entered into before 4th April 1963.

Lease premiums: pre-commencement receipts treated as taxed receipts

- 67 (1) This paragraph relates to the operation of sections 287 to 298 where, in respect of a lease—
- (a) there is a receipt of a Schedule A business or an overseas property business (within the meaning of section 65A(4) or 70A(4) of ICTA) as a result of section 34 or 35 of ICTA (treatment of premiums etc. as rent and assignments for profit of lease granted at an undervalue) for a tax year before the tax year 2005-06 or an accounting period ending before 6th April 2005, or
 - (b) there would be such a receipt, but for the operation of section 37(2) or (3) of ICTA (reductions in certain receipts under section 34 or 35 of ICTA).

In this paragraph and paragraphs 68 and 69 such a receipt is referred to as a “pre-commencement receipt”.

- (2) For the purposes of Chapter 4 of Part 3—
- (a) the lease is treated as a taxed lease, and
 - (b) the pre-commencement receipt is treated as a taxed receipt.
- (3) For the purposes of that Chapter, the “receipt period” of a taxed receipt which is a pre-commencement receipt is—
- (a) in the case of a pre-commencement receipt as a result of section 34 of ICTA, the period treated in calculating the amount of the receipt as being the duration of the lease, and

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- (b) in the case of a pre-commencement receipt as a result of section 35 of ICTA, the period treated in calculating the amount of the receipt as being the duration of the lease remaining at the date of the assignment.
- (4) For the purposes of that Chapter the “unreduced amount” of a taxed receipt which is a pre-commencement receipt is the amount of the pre-commencement receipt as a result of section 34 or 35 of ICTA, before the operation of section 37(2) or (3) of ICTA.
- (5) Sub-paragraph (6) applies to a taxed receipt which is a pre-commencement receipt arising as a result of section 34(2) of ICTA (obligation on tenant to carry out work under lease).
- (6) If the obligation to carry out work included the carrying out of work which gave or will give rise to expenditure for which an allowance has been, or may be, made under the enactments relating to capital allowances, the unreduced amount of the taxed receipt is calculated as if the obligation had not included the carrying out of that work.

Lease premiums: taking account of reductions in pre-commencement receipts

- 68 (1) This paragraph applies if—
- (a) in calculating the amount of a pre-commencement receipt, there is a reduction under section 37(2) or (3) of ICTA by reference to the amount chargeable on the superior interest for the purposes of that section, and
 - (b) as a result of paragraph 67 the amount chargeable on the superior interest is the taxed receipt for the purposes of Chapter 4 of Part 3.
- (2) References to a reduction under section 37(2) or (3) of ICTA in a pre-commencement receipt by reference to the amount chargeable on the superior interest are to the difference between—
- (a) the amount of the pre-commencement receipt before the operation of section 37(2) or (3) of ICTA, and
 - (b) the amount of the receipt after the operation of that subsection,
- so far as attributable to the amount chargeable on the superior interest for the purposes of section 37 of ICTA.
- (3) In sections 290(5)(a) (meaning of “unused amount”) and 295(1)(a) (limit on reductions and deductions) references to reductions under section 288 by reference to the taxed receipt include references to reductions under section 37(2) or (3) of ICTA in pre-commencement receipts by reference to the amount chargeable on the superior interest.
- (4) Sections 292 to 294 apply as follows—
- (a) the pre-commencement receipt is treated as if it were a lease premium receipt for the purposes of sections 293 and 294,
 - (b) references in those sections to the reduction under section 288 by reference to the taxed receipt are, in relation to the pre-commencement receipt, to the reduction under section 37(2) or (3) of ICTA by reference to the amount chargeable on the superior interest, and
 - (c) for the purposes of those sections the receipt period of the pre-commencement receipt is—

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- (i) in the case of a pre-commencement receipt as a result of section 34 of ICTA, the period treated in calculating the amount of the receipt as being the duration of the lease, and
- (ii) in the case of a pre-commencement receipt as a result of section 35 of ICTA, the period treated in calculating the amount of the receipt as being the duration of the lease remaining at the date of the assignment.

Lease premiums: taking account of deductions for rent as a result of section 37(4) or 87(2) of ICTA

- 69 (1) Sub-paragraph (2) applies if—
- (a) in calculating the profits of a trade, profession or vocation for a tax year before the tax year 2005-06 or an accounting period ending before 6th April 2005, a person is treated as paying rent under section 87(2) of ICTA by reference to the amount chargeable for the purposes of that section, and
 - (b) as a result of paragraph 67 the amount chargeable is the taxed receipt for the purposes of Chapter 4 of Part 3.
- (2) References in sections 290(5)(b) and 295(2)(b) to the deductions allowed for expenses under section 61 by reference to the taxed receipt include references to the deductions allowed in calculating the profits of the trade, profession or vocation for the rent that the person is treated as paying under section 87(2) of ICTA by reference to the amount chargeable.
- (3) Sub-paragraph (4) applies if—
- (a) in calculating the profits of a Schedule A business or an overseas property business (within the meaning of section 65A(4) or 70A(4) of ICTA) for a tax year before the tax year 2005-06 or an accounting period ending before 6th April 2005, a person is treated as paying rent as a result of section 37(4) of ICTA by reference to the amount chargeable on the superior interest for the purposes of that section, and
 - (b) as a result of paragraph 67 the amount chargeable on the superior interest is the taxed receipt for the purposes of Chapter 4 of Part 3.
- (4) References in sections 290(5)(c) and 295(1)(b) to the deductions allowed for expenses under section 292 by reference to the taxed receipt include references to the deductions allowed in calculating the profits of the Schedule A business or overseas property business (within the meaning of section 65A(4) or 70A(4) of ICTA) for the rent that the person is treated as paying as a result of section 37(4) of ICTA by reference to the amount chargeable on the superior interest.

Lease premiums: rules for determining effective duration of lease

- 70 (1) In relation to a lease granted after 12th June 1969 and before 25th August 1971, for sections 303 and 304 substitute—

“303 Rules for determining effective duration of lease

- (1) The following rules apply for determining the effective duration of a lease for the purposes of this Chapter.

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Rule 1: Where the terms of a lease include provision for the determination of the lease by notice given by the landlord, the lease is not to be treated as granted for a term longer than one ending at the earliest date on which it could be determined by notice so given.

Rule 2: A lease is not to be treated as having been granted for a term longer than one ending on a date before the end of the term for which the lease was granted, if the terms of the lease or any other circumstances make it unlikely that the lease will continue beyond that date.

Rule 3: Where the terms of the lease include provision for the extension of the lease beyond a given date by notice given by the tenant, account may be taken of any circumstances making it likely that the lease will be so extended.

- (2) Rule 2 applies by reference to the facts known or ascertainable at the time of the grant of the lease.
- (3) In applying the rules, it is assumed that all parties concerned, whatever their relationship, act as if they were at arm's length.
- (4) In this section, in relation to Scotland, “term”, where referring to the duration of a lease, means period.”

- (2) This paragraph does not apply if the determination is for the purposes of section 281 (sums payable for variation or waiver of [^{F186}terms] of lease).

Textual Amendments

F186 Word in [Sch. 2 para. 70\(2\)](#) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 646\(2\)](#) (with [Sch. 2 Pts. 1, 2](#))

- 71 (1) In relation to a lease granted before 13th June 1969, for sections 303 to 305 substitute—

“303 Rules for determining effective duration of lease

- (1) The following rules apply for determining the effective duration of a lease for the purposes of this Chapter.

Rule 1: Where the effective duration of a lease is being determined after the date on which the lease has for any reason come to an end, the duration is taken to have extended from its commencement to that date.

Rule 2: Where the terms of the lease include provision for the determination of the lease by notice given either by the landlord or by the tenant, the lease is not to be treated as granted for a term longer than one ending at the earliest date on which it could be determined by notice.

Rule 3: A lease is not to be treated as having been granted for a term longer than one ending on a date before the end of the term for which the lease was granted, if the terms of the lease or any other circumstances make it unlikely that the lease will continue beyond that date.

- (2) Rules 2 and 3 are subject to rule 1.

Status: Point in time view as at 21/07/2009.

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- (3) Rules 2 and 3 apply in accordance with circumstances prevailing at the time of the determination.
- (4) In this section, in relation to Scotland, “term”, where referring to the duration of a lease, means period.”
- (2) This paragraph does not apply if the determination is for the purposes of section 281 (sums payable for variation or waiver of [^{F187}terms] of lease).

Textual Amendments

F187 Word in [Sch. 2 para. 71\(2\)](#) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 646\(3\)](#) (with [Sch. 2 Pts. 1, 2](#))

Reverse premiums

- 72 (1) Section 311 does not apply to a reverse premium—
 - (a) which was received before 9th March 1999, or
 - (b) to which the recipient was entitled immediately before that date.
- (2) In determining whether a reverse premium was one to which the recipient was entitled immediately before 9th March 1999, no account is to be taken of any arrangements made on or after that date.

Deductions for expenditure on energy-saving items

- 73 Sections 312 to 314 do not apply to expenditure incurred before 6th April 2004.

Commercial letting of furnished holiday accommodation

- 74 (1) Subject to sub-paragraph (4), Chapter 6 of Part 3 applies before 6th April 2006 with the following amendments.
- (2) In section 322(2)—
 - (a) after paragraph (b) insert—
 - “(ba) section 623(2)(c) or 644(2)(c) of ICTA (income regarded as relevant earnings for pension purposes: see section 504A of that Act),”
 - (b) at the end of paragraph (d) insert “ and ”, and
 - (c) omit paragraph (f) and the word “and” before it.
- (3) In section 328(2)—
 - (a) before paragraph (a) insert—
 - “(aa) income regarded as relevant earnings for pension purposes under section 623(2)(c) or 644(2)(c) of ICTA, or”, and
 - (b) omit paragraph (b) and the word “or” before it.
- (4) The power of the Treasury to make an order under section 281 or 283 of FA 2004 has effect as if Schedule 35 to that Act contained amendments substituting sections 322(2) and 328(2) of this Act for those subsections as amended by sub-paragraphs (2) and (3) above.

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- 75 (1) Subject to sub-paragraph (3), section 504A of ICTA (as inserted by Schedule 1 to this Act) applies before 6th April 2006 with the following amendment.
- (2) In subsection (2)—
- (a) after paragraph (a) insert—
- “(ab) section 623(2)(c) or 644(2)(c) (income regarded as relevant earnings for pension purposes), and”, and
- (b) omit paragraph (c) and the word “and” before it.
- (3) The power of the Treasury to make an order under section 281 or 283 of FA 2004 has effect as if Schedule 35 to that Act contained an amendment substituting section 504A of ICTA (as inserted by Schedule 1 to this Act) for that section as amended by sub-paragraph (2) above.

Adjustment on change of basis

- 76 (1) Chapter 7 of Part 3 applies to a change of basis taking effect for a period of account which ends on or after 6th April 2005.
- (2) For this purpose the period of account for which a change of basis takes effect is the first period of account for which the new basis is adopted.

Meaning of “mineral royalties”

- 77 The definition of “mineral royalties” in section 341(2) does not include any rent receivable before 6th April 1970.

PART 5 U.K.

SAVINGS AND INVESTMENT INCOME: GENERAL

Open-ended investment companies: saving for powers to make provision corresponding to provisions applicable to unit trusts

- 78 (1) Despite the enactment by this Act in the OEIC sections of provisions previously contained in regulations made under section 152 of FA 1995, the Treasury may continue to make regulations under that section for achieving any purpose that could be achieved by such regulations before the coming into force of the OEIC sections.
- (2) Accordingly—
- (a) regulations under that section may make provision for securing, in relation to the matters mentioned in subsection (1)(a) to (c) of that section, that the provision made by the OEIC sections corresponds, subject to such modifications as the Treasury consider appropriate, to the provision made by the enactments mentioned in subsection (2) of that section in relation to—
- (i) unit trusts,
- (ii) rights under, and the assets subject to, such trusts, and
- (iii) transactions for purposes connected with such trusts, and
- (b) that section has effect with such modifications as are required for the purposes of this paragraph.
- (3) In this paragraph—

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“the OEIC sections” means—

- (a) sections 373 to 375 of this Act (under which certain amounts are treated as interest paid by open-ended investment companies), and
- (b) sections 386 to 388 of this Act (under which certain amounts are treated as dividends paid by open-ended investment companies), and

“unit trust” has the same meaning as in section 152 of FA 1995 (see subsection (7)).

Deeply discounted securities issued in accordance with qualifying earn-out right

- 79 Despite the repeal by this Act of section 104(4) of FA 2002, sections 430(5) and 442 (securities issued in accordance with qualifying earn-out right) apply whenever the security was issued.

Deeply discounted securities: deemed transfers of strips on 5th April

- 80 (1) Despite the repeal by this Act of paragraph 14(4) of Schedule 13 to FA 1996, a person who was deemed under that paragraph to have transferred a strip on 5th April 2005 is treated for the purposes of Chapter 8 of Part 4 (profits from deeply discounted securities) as if the person had re-acquired the strip under that paragraph on 6th April 2005 for an amount equal to the amount for which it was deemed to have been transferred.
- (2) That Chapter and this Part of this Schedule apply to a deemed transfer and reacquisition under that paragraph (including a reacquisition within subparagraph (1)) as if it were a transfer and reacquisition under section 445(2) and (3).
- (3) Section 452 (power to modify that Chapter for strips) applies as if this paragraph were in that Chapter.

Deeply discounted securities: restriction of profits and losses on strips

- 81 (1) Sections 447 and 448 (restriction of profits and losses on strips by reference to original acquisition cost) do not apply to a strip acquired before 15th January 2004.
- (2) For the purposes of paragraph (1) any deemed acquisitions under paragraph 14(4) of Schedule 13 to FA 1996 or section 445(3) of this Act are ignored.

Deeply discounted securities: saving for charities' losses

- 82 The references in section 454(4) and (5) to trustees include any person who, had the loss been a profit—
- (a) would have been eligible for relief from tax for the tax year in which the loss is sustained as a result of [^{F188}any of sections 521(4), 522(5), 523(5), 524, 529 to 533, 536 and 537 of ITA 2007 (certain exemptions: special rules about charitable trusts)] , or
 - (b) would have been so eligible but for section [^{F189}541 of that Act (restrictions on exemptions: attributing items of income to the non-exempt amount)] .

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Textual Amendments

- F188** Words in [Sch. 2 para. 82\(a\)](#) substituted (6.4.2007 with effect as stated in [s. 1034\(1\)](#) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 589\(2\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F189** Words in [Sch. 2 para. 82\(b\)](#) substituted (6.4.2007 with effect as stated in [s. 1034\(1\)](#) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 589\(3\)](#) (with transitional provisions and savings in [Sch. 2](#))

Deeply discounted securities: saving for pension trustees' losses

- 83 The references in section 454(4) and (5) to trustees include any person who, had the loss been a profit, would have been eligible for relief from tax for the tax year in which the loss is sustained as a result of—
- (a) section 592(2) of ICTA (exemption from income tax for income from investments or deposit held for exempt approved pension schemes),
 - (b) section 608(2)(a) of ICTA (corresponding exemption for superannuation funds approved before 6th April 1980),
 - (c) section 613(4) of ICTA (corresponding exemption for parliamentary pension funds),
 - (d) section 614(2), (3), (4) or (5) of ICTA (corresponding exemption for certain overseas pension funds),
 - (e) section 620(6) of ICTA (corresponding exemption for retirement annuity funds), or
 - (f) section 643(2) of ICTA (corresponding exemption for approved personal pension schemes).

Exclusion of deeply discounted securities from section 711 to 728 of ICTA (accrued income profits)

- 84 **F190**

Textual Amendments

- F190** [Sch. 2 para. 84](#) repealed (6.4.2007 with effect as stated in [s. 1034\(1\)](#) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

Gains from contracts for life insurance etc: foreign policies of life insurance

- 85 (1) This paragraph modifies the application of—
- (a) section 474(4) (foreign policies of life insurance which are not qualifying policies),
 - (b) section 531(6) (foreign policies of life insurance to which section 530 applies), and
 - (c) section 532 (relief for policies and contracts with European Area Insurers), in relation to a policy of life insurance which meets conditions A and B.
- (2) Condition A is that the policy is a foreign policy of life insurance by virtue of paragraph (a) of the definition of that term in section 476(3).

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- (3) Condition B is that the income of the company which issued the policy was charged to corporation tax under section 445 of ICTA for an accounting period ending on or after the day on which the policy was issued.
- (4) The policy is treated as having been a qualifying policy for any part of the chargeable period when—
 - (a) it would have been treated as a qualifying policy apart from section 474(4), and
 - (b) the conditions in either sub-paragraph (3) or sub-paragraph (4) of paragraph 24 of Schedule 15 to ICTA (as it then had effect) were met.
- (5) The policy meets condition B in section 531(6) if—
 - (a) the conditions in either sub-paragraph (3) or sub-paragraph (4) of paragraph 24 of Schedule 15 to ICTA (as it then had effect) were met throughout the chargeable period, and
 - (b) the conditions in sub-paragraph (3) of that paragraph are met throughout the period—
 - (i) beginning immediately after the end of the chargeable period, and
 - (ii) ending with the date on which the gains mentioned in section 531(1) arise.
- (6) Despite the definition of “policy period” in section 532(5), for the purposes of determining whether conditions A to C in that section have been met in relation to the policy or contract throughout the policy period, that period is to be taken not to include—
 - (a) any part of the chargeable period when the conditions in either sub-paragraph (3) or sub-paragraph (4) of paragraph 24 of Schedule 15 to ICTA (as it then had effect) were met, and
 - (b) any subsequent period when the conditions in sub-paragraph (3) of that paragraph are met.
- (7) In this paragraph “the chargeable period” means the period—
 - (a) beginning with the date on which the policy was issued, and
 - (b) ending with the last day of the last accounting period for which the company which issued the policy was liable to tax under section 445 of ICTA.

Gains from contracts for life insurance etc: exclusion of pension policies

- 86 (1) Subject to sub-paragraph (4), before 6th April 2006 Chapter 9 of Part 4 applies with the following amendments.
- (2) For section 479 (exclusion of pension policies) substitute—

“479 Exclusion of pension policies

- (1) This Chapter does not apply to a pension policy.
- (2) In this section “pension policy” means—
 - (a) a policy of life insurance issued in connection with an approved scheme,
 - (b) a policy of insurance which is, or is evidence of, a contract for the time being approved under section 621 of ICTA (contracts to

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- provide for surviving spouses [^{F191}and surviving civil partners] and dependants), or
- (c) a policy of life insurance held in connection with an approved personal pension scheme.

(3) In this section—

“approved scheme” has the meaning given by section 612(1) of ICTA, and

“personal pension scheme” and “approved”, in relation to such a scheme, have the meaning given by section 630(1) of ICTA.”

^{F192}(3)

- (4) The power of the Treasury to make an order under section 281 or 283 of FA 2004 has effect as if Schedule 35 to that Act contained amendments—
- (a) substituting section 479 of this Act for that section as substituted by subparagraph (2), and
- (b) substituting “ non-registered occupational pension ” for “sponsored superannuation” in section 486 of this Act.

Textual Amendments

F191 Words in Sch. 2 para. 86(2) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **199**

F192 [Sch. 2 para. 86\(3\)](#) omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 17\(n\)](#)

Gains from contracts for life insurance etc: rights partially assigned

- 87 Section 505 (assignments involving co-ownership) does not have effect in relation to any transaction which—
- (a) took place in relation to a policy or contract in an insurance year beginning on or before 5th April 2001, and
- (b) would otherwise and by reason only of the application of that section fall to be taken into account as an assignment of a part of or a share in the rights conferred by the policy or contract in a calculation under—
- (i) section 507 (periodic calculations in part surrender and assignment cases), or
- (ii) section 511 (transaction-related calculations in part surrender and assignment cases).
- 88 (1) This paragraph applies if a calculation under section 507 or 511 in relation to a policy or contract requires account to be taken of any part of or share in the rights conferred by the policy or contract which has been assigned for money or money's worth in an insurance year beginning on or before 5th April 2001.
- (2) Section 508 (the value of rights partially assigned) applies for the purposes of the valuation of each such part or share as if—
- (a) in subsection (1) after “surrendered” (in both places where it occurs) there were inserted “ or assigned ”,
- (b) in that subsection after “surrender” there were inserted “ or assignment ”, and
- (c) subsection (4) were omitted.

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*Gains from contracts for life insurance etc: regulations
providing for relief where foreign tax chargeable*

- 89 Regulations made under section 534 by virtue of paragraph 4 of this Schedule may apply—
- (a) in relation to gains arising on or after 29th November 1994, and
 - (b) in relation to any gain arising before that date the income tax on which has not been the subject of an assessment that became final and conclusive before that date.

Gains from contracts for life insurance etc: pure protection group life policies

- 90 (1) For the purposes of Chapter 9 of Part 4, any event occurring before 9th April 2003 in relation to a policy of life insurance which, at the time of the event, was a pure protection group life policy is deemed not to be a chargeable event.
- (2) For the purposes of this paragraph a policy of life insurance is at any time a pure protection group life policy if at that time it is a group life policy whose terms do not provide for any sums or other benefits to be paid or conferred except on death or disability.

Gains from contracts for life insurance etc: assessment of trustees etc

- 91 Despite paragraph 4(1) of this Schedule, the references in section 151(2) of FA 1989 (assessment of trustees etc.) to gains treated as arising under Chapter 9 of Part 4 of this Act do not include references to gains treated as arising under Chapter 2 of Part 13 of ICTA on chargeable events before 6th April 1998.

Transactions in deposits

- 92 Section 551 (charge to income tax on profits from disposal of deposit rights) does not apply if the person disposing of the rights acquired them before 7th March 1973.
- 93 (1) This paragraph applies if—
- (a) a right falling within the definition of “uncertificated right” in section 552(2) is a right under an arrangement made on or before 16th July 1992, and
 - (b) the right to call for the issue of a certificate of deposit (as defined in that section) is a right under that arrangement.
- (2) Chapter 11 of Part 4 (transactions in deposits) applies with the omission of section 552(1)(c) and (d)(i).

*Disposals of futures and options involving guaranteed
returns: certain pre-6th February 1998 transactions*

- 94 (1) A transaction consisting in the running of a future to delivery or the exercise of an option is not treated as a disposal for the purposes of Chapter 12 of Part 4 if it took place before 6th February 1998.
- (2) Sub-paragraph (1) is to be read as if it were part of section 564 (deemed disposal where futures run to delivery or options are exercised) (see, in particular, section 565).

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*Disposals of futures and options involving
guaranteed returns: rates of tax for pension trustees*

- 95 For the tax year 2005-06 section 568(4) (by virtue of which income within Chapter 12 of Part 4 arising to certain pension trustees is not treated as income to which section 686 of ICTA applies) has effect with the substitution for the words from “held” onwards of the words “held—
- (a) for the purposes of a fund or scheme established for the sole purpose of providing relevant benefits (within the meaning of section 612 of ICTA), or
 - (b) for the purposes of a personal pension scheme (within the meaning of section 630 of ICTA) making provision only for such benefits as are mentioned in section 633 of ICTA (annuities and lump sums meeting certain conditions).”

PART 6 U.K.

SAVINGS AND INVESTMENT INCOME: INSURANCE
CONTRACTS AND POLICIES MADE BEFORE CERTAIN DATES

Pre-20th March 1968 policies and contracts excluded from Chapter 9 of Part 4

- 96 (1) Chapter 9 of Part 4 does not apply to—
- (a) a policy of life insurance issued in respect of an insurance made before 20th March 1968,
 - (b) a contract for a life annuity made before that date, or
 - (c) a capital redemption policy where the contract was made before that date.
- (2) For this purpose a policy of life insurance is treated as issued in respect of an insurance made on or after 20th March 1968 if it is varied on or after that date so as to extend its term or increase the benefits secured.
- (3) A variation is ignored for the purposes of sub-paragraph (2) if—
- (a) before the variation the policy complied with paragraph 2 of Schedule 9 to FA 1968 (general requirements for qualifying endowment policies) except for the amount guaranteed on death,
 - (b) the variation's only effect was to make the policy comply with that paragraph,
 - (c) the variation was effected before 1st January 1969, and
 - (d) the variation did not increase the premiums payable under the policy.

Pre-27th March 1974 policies and contracts: disapplication of section 500(c)

- 97 Section 500(c) (events treated as part surrenders: loan by insurer) does not apply to a policy issued in respect of an insurance made before 27th March 1974 or a contract made before that date.

Pre-27th March 1974 contracts: disapplication of section 531(3)(c)

- 98 Section 531(3)(c) (certain contracts for life annuities excluded from section 530) does not apply to a contract made before 27th March 1974.

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Pre-10th December 1974 contracts for a life annuity: disapplication of section 484(1)(d)

- 99 Section 484(1)(d) (chargeable events: death in case of contract for a life annuity which provides for payment of a capital sum on death) does not apply if the contract was made before 10th December 1974.

Pre-14th March 1975 policies and contracts: calculation of gains under section 507

- 100 (1) This paragraph applies to—
- (a) a policy in respect of an insurance made before 14th March 1975, and
 - (b) a contract made before that date.
- (2) Section 507 (method for making periodic calculations under section 498) applies to a policy or contract to which this paragraph applies with the following modifications.
- (3) In subsection (4) (calculation of net total value of rights assigned and surrendered)—
- (a) in paragraph (a) of step 1 after “at any time”, in both places where it occurs, and
 - (b) in paragraph (b) of step 1 after “assigned”, insert “ during the reference period ”.
- (4) In subsection (5) (calculation of net total allowable payments), for step 1 substitute—

“*Step 1* Find the allowable element in each allowable payment made during the reference period by multiplying the amount of the payment by—

$$\frac{X}{20}$$

where X is the number of insurance years in the period beginning with the year in which the payment is made and ending with the reference period or, if it is less, 20.”

- (5) After that step insert—

“*Step 1A* Find any allowable element in any allowable payment made before the reference period by multiplying the amount of the payment by—

$$\frac{20 - Y}{20}$$

where Y is the number of insurance years in the period beginning with the year in which the payment is made and ending with the last insurance year before the reference period or, if it is less, 20.”

- (6) In subsection (6) insert the following definition in the appropriate place—

““the reference period” means the period beginning with the first insurance year which falls wholly after 13th March 1975 and ending with the insurance year as at the end of which the calculation under this section is required to be made.”.

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Pre-25th March 1982 replacement policies: disapplication of section 542

- 101 Section 542 (replacement of qualifying policies) does not apply if the replacement policy comes into existence before 25th March 1982.

Certain pre-26th June 1982 policies and contracts excluded from Chapter 9 of Part 4

- 102 (1) Chapter 9 of Part 4 does not apply to a pre-1982 assigned policy or contract unless on a date after 23rd August 1982 it has met condition A, B or C.
- (2) In sub-paragraph (1) “pre-1982 assigned policy or contract” means—
- (a) a policy of life insurance issued in respect of an insurance made before 26th June 1982, or
 - (b) a contract for a life annuity made before that date, the rights under which were assigned for money or money's worth before that date and are not held by the original beneficial owner.
- (3) Condition A is that the rights under the policy or contract are again assigned for money or money's worth.
- (4) Condition B is that a payment is made under the policy or contract by way of premium.
- (5) Condition C is that a sum is lent—
- (a) by, or by arrangement with, the body issuing the policy or the body with which the contract was made, and
 - (b) to or at the direction of an individual falling within sub-paragraph (6).
- (6) An individual falls within this sub-paragraph at any time if—
- (a) were a gain to arise in respect of the policy or contract at that time the individual—
 - (i) would be liable for tax in respect of it as a result of section 465 (person liable: individuals), or
 - (ii) would be so liable apart from the requirement in section 465(1) that the individual must be UK resident in the tax year in which the gain arises, or
 - (b) at that time the rights under the policy or contract are held on charitable trusts created by the individual.
- (7) In the case of a qualifying policy, condition C is not met if—
- (a) interest is payable on the loan at a commercial rate, or
 - (b) the loan is to a full-time employee of the body to assist the employee in purchasing or improving a dwelling to be used as the employee's only or main residence.
- (8) In the case of a policy issued in respect of an insurance made before 27th March 1974 or a contract made before that date, this paragraph applies as if sub-paragraph (1) did not refer to condition C.
- (9) A loan which causes condition C to be met is treated for the purposes of sections 500(c) and 501 (loans treated as part surrenders) as having been made at a time when Chapter 9 of Part 4 does apply to gains on the policy or contract.

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Certain pre-18th November 1983 policies not foreign policies of life insurance

- 103 (1) A policy of life insurance is not a “foreign policy of life insurance” for the purposes of Chapter 9 of Part 4 (see the definition in section 476(3)) if it is issued in respect of an insurance made before 18th November 1983.
- (2) For the purposes of sub-paragraph (1), a policy issued in respect of an insurance made before 18th November 1983 is treated as issued in respect of one made on or after that date if it is varied on or after that date so as—
- (a) to increase the benefits secured, or
 - (b) to extend the term of the insurance.
- (3) A change in the terms of a policy counts as its variation for the purposes of sub-paragraph (2) if it results from the exercise of an option conferred by the policy to have another policy substituted for it or to have any of its terms changed.

Certain pre-23rd February 1984 policies not foreign capital redemption policies

- 104 A capital redemption policy is not a “foreign capital redemption policy” for the purposes of Chapter 9 of Part 4 (see the definition in section 476(3)) if it is issued in respect of a contract made before 23rd February 1984.

Pre-14th March 1984 policies: disregard of amounts deducted and repaid after tax relief by deduction from premiums abolished

- 105 In the case of a policy issued in respect of an insurance made before 14th March 1984, any amount treated under section 72(9) of FA 1984 as an additional premium is to be ignored for the purposes of—
- (a) calculating the total allowable deductions for the policy under section 494(1), and
 - (b) the definition of “allowable payment” in section 507(6).

Certain pre-20th March 1985 policies: application of section 529(1)

- 106 (1) This paragraph makes provision for the application of section 529(1) (exceptions to section 528) in relation to—
- (a) a foreign policy of life insurance issued in respect of an insurance made on or before 19th March 1985, and
 - (b) a foreign capital redemption policy issued in respect of a contract made on or before that date.
- (2) Section 529(1)(a) (which disapplies section 528 if when the chargeable event occurs or at any time during the policy period the policy is or was held by a non-UK resident trustee) does not apply if the policy was held by a non-UK resident trustee on 19th March 1985.
- (3) Section 529(1)(b) (which disapplies section 528 if when the chargeable event occurs or at any time during the policy period the policy is or was held by non-UK resident trustees) does not apply if on 19th March 1985 the policy was held by a non-UK resident trustee or by two or more trustees any of whom was non-UK resident.

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Pre-14th March 1989 qualifying policies: application of section 485(2)(b) and (3)(b)

- 107 (1) In the case of a policy issued in respect of an insurance made before 14th March 1989, section 485(2) and (3) (by virtue of which certain events are only chargeable events if the condition in paragraph (a) or (b) is met) have effect with the omission of paragraph (b) (company interest in the rights under the policy) and the word “or” preceding that paragraph.
- (2) For this purpose a policy is treated as issued in respect of an insurance made on or after 14th March 1989 if it is varied on or after that date so as—
- (a) to increase the benefits secured, or
 - (b) to extend the term of the insurance.
- (3) Any exercise of rights conferred by a policy counts as its variation for the purposes of sub-paragraph (2).

Pre-14th March 1989 policies and contracts: application of section 501

- 108 (1) In the case of a policy issued in respect of an insurance made before 14th March 1989 or a contract made before that date, section 501 (part surrenders: loans) does not apply if—
- (a) a company beneficially owns the rights under the policy,
 - (b) they are held on trusts which a company created, or
 - (c) they are held as security for a company's debt.
- (2) For the purposes of this paragraph, a policy is treated as issued in respect of an insurance made on or after 14th March 1989 if it is varied on or after that date so as—
- (a) to increase the benefits secured, or
 - (b) to extend the term of the insurance.
- (3) Any exercise of rights conferred by a policy counts as its variation for the purposes of sub-paragraph (2).

Contracts in accounting periods beginning before 1st January 1992: disapplication of sections 530 and 539(3)

- 109 (1) This paragraph applies to a contract for a life annuity made—
- (a) after 26th March 1974, but
 - (b) in an accounting period of the insurance company or friendly society beginning before 1st January 1992.
- (2) Section 530 (income tax treated as paid etc.) does not apply to gains from such a contract, except for the purposes of calculating relief under section 535 (top slicing relief).
- (3) Sub-paragraph (2) is subject to—
- (a) section 532 (relief for policies and contracts with European Economic Area insurers), and
 - (b) section 534 (regulations providing for relief in other cases where foreign tax chargeable).
- [^{F193}(4) Section 539 (relief for deficiencies) has effect as if for subsections (1) to (6) there were substituted—

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“(1) A deficiency from a policy or contract arising on a chargeable event is allowable as a deduction in calculating an individual's net income for a tax year if, had a gain arisen instead on the chargeable event—

- (a) the individual would have been liable to income tax on the gain for that year, or
- (b) the individual would have been so liable apart from the requirement in section 465(1) that the individual must be UK resident in the tax year in which the gain arises.

(2) See section 540 for the cases in which a deficiency is treated as arising from a policy or contract on a chargeable event, section 541 for how the deficiency is calculated and section 469(5) for the apportionment of deficiencies in cases where two or more persons are interested in a policy or contract.”]

(5) In sub-paragraph (1) “accounting period” is to be read in accordance with [F194Chapter 2 of Part 2 of CTA 2009].

Textual Amendments

F193 Words in Sch. 2 para. 109(4) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 590](#), (with transitional provisions and savings in Sch. 2)

F194 Words in Sch. 2 para. 109(5) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 646\(4\)](#) (with [Sch. 2 Pts. 1, 2](#))

Certain pre-17th March 1998 policies: application of section 529(1)

110 (1) This paragraph makes provision for the application of section 529(1) (exceptions to section 528) in relation to—

- (a) a foreign policy of life insurance issued in respect of an insurance made before 17th March 1998, and
- (b) a foreign capital redemption policy issued in respect of a contract made before that date.

(2) Section 529(1)(c) (which disapplies section 528 if when the chargeable event occurs or at any time during the policy period the policy is or was held by a foreign institution) does not apply if the policy was held by a foreign institution on 16th March 1998.

Certain pre-17th March 1998 policies not foreign policies of life insurance

111 (1) A policy of life insurance issued in respect of an insurance made before 17th March 1998 is only a “foreign policy of life insurance” for the purposes of Chapter 9 of Part 4 if—

- (a) it falls within paragraph (a) of the definition of that expression in section 476(3), and
- (b) it is not excluded by paragraph 103 (certain pre-18th November 1983 policies not foreign policies of life insurance).

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- (2) For the purposes of sub-paragraph (1), a policy issued in respect of an insurance made before 17th March 1998 is treated as issued in respect of one made on or after that date if it is varied on or after that date so as—
- (a) to increase the benefits secured, or
 - (b) to extend the term of the insurance.
- (3) Any exercise of rights conferred by a policy counts as its variation for the purposes of sub-paragraph (2).

Pre-17th March 1998 policy or contract: UK resident trustees

- 112 (1) In the case of a 1998 Act excluded policy or contract, section 467 (person liable: UK resident trustees) does not apply if—
- (a) the trusts were created before 17th March 1998, and
 - (b) the person or at least one of the persons who created them was an individual who died before that date.
- (2) For the purposes of sub-paragraph (1)(b), section 472(1) is ignored.
- (3) In this paragraph “a 1998 Act excluded policy or contract” means—
- (a) a policy of life insurance issued in respect of an insurance made before 17th March 1998,
 - (b) a contract for a life annuity made before that date, or
 - (c) a capital redemption policy where the contract was made before that date, but excluding a policy or contract within sub-paragraph (4).
- (4) A policy or contract is within this sub-paragraph if it has been varied on or after 17th March 1998 so as—
- (a) to increase the benefits secured, or
 - (b) to extend the term of the insurance, annuity or capital redemption policy.
- (5) Any exercise of rights conferred by a policy or contract counts as its variation for the purposes of sub-paragraph (4).

Certain pre-23rd March 1999 policies not foreign capital redemption policies

- 113 A capital redemption policy where the contract was made before 23rd March 1999 is only a “foreign capital redemption policy” for the purposes of Chapter 9 of Part 4 if—
- (a) it falls within paragraph (a) of the definition of that expression in section 476(3), and
 - (b) it is not excluded by paragraph 104 (certain pre-23rd February 1984 policies not foreign capital redemption policies).

Pre-9th April 2003 policy or contract: UK resident trustees

- 114 (1) In the case of a 2003 Act excluded policy or contract, section 467(1) (person liable: UK resident trustees) has effect with the omission of the reference to condition C (the effect of which is to extend the circumstances in which trustees holding rights under a policy or contract on non-charitable trusts may be liable for tax).
- (2) In this paragraph “a 2003 Act excluded policy or contract” means—

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- (a) a policy of life insurance issued in respect of an insurance made before 9th April 2003,
 - (b) a contract for a life annuity made before that date, or
 - (c) a capital redemption policy where the contract was made before that date, but excluding a policy or contract within sub-paragraph (3).
- (3) A policy or contract is within this sub-paragraph if—
- (a) it has been varied on or after that date (but before the chargeable event on which the gain arises) so as to increase the benefits secured or extend the term of the insurance, annuity or capital redemption policy, or
 - (b) there has been an assignment of the rights, or a share in the rights, conferred by the policy or contract to trustees of a non-charitable trust.
- (4) Any exercise of rights conferred by a policy or contract counts as its variation for the purposes of sub-paragraph (3)(a).

Pre-9th April 2003 policy or contract: loans to trustees

- 115 (1) This paragraph makes provision for the application of section 501 (part surrenders: loans) in relation to—
- (a) a policy of life insurance issued in respect of an insurance made before 9th April 2003,
 - (b) a contract for a life annuity made before that date, or
 - (c) a capital redemption policy where the contract was made before that date.
- (2) In the case of a loan made before that date that section applies with the omission—
- (a) of subsections (1)(b) and (3) (by virtue of which the section applies to loans to trustees), and
 - (b) in subsection (5)(b) of the words “, trustees” and “, trustees”.

Pre-9th April 2003 policy: excepted group life policies

- 116 (1) Sub-paragraph (2) applies to a policy if—
- (a) it was issued in respect of an insurance made before 9th April 2003, and
 - (b) immediately before 6th April 2005, paragraph 4(1) (excepted group life policies: time for compliance with conditions in section 539A of ICTA) of Schedule 34 to FA 2003 applied to it.
- (2) The policy is to be taken to have met the conditions referred to in section 480(3) (conditions to be met by an excepted group life policy) throughout the period mentioned in that paragraph.
- (3) Sub-paragraphs (3) and (4) apply where immediately before 6th April 2005 paragraph 4(3) of Schedule 34 to FA 2003 applied to treat two policies as a single policy issued in respect of an insurance made at the time of the making of the insurance in respect of which the earlier of those policies was issued.
- (4) Those policies are to be treated as a single policy so issued for the purposes of—
- (a) Chapter 9 of Part 4,
 - (b) paragraph 90 of this Schedule, and
 - (c) this Part of this Schedule (and, in particular, sub-paragraph (2)).

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- (5) Sub-paragraph (2) applies to that single policy taking the reference to the period mentioned in paragraph 4(1) of Schedule 34 to FA 2003 as a reference to the period so mentioned as a result of the application of paragraph 4(3)(b) of that Schedule.

Pre-3rd March 2004 policy or contract: calculation of deficiencies

- 117 (1) In the case of a 2004 Act excluded policy or contract, section 541(4) (calculation of deficiencies) applies with the omission of paragraph (b) and the word “and” immediately preceding it.
- (2) In this paragraph “a 2004 Act excluded policy or contract” means—
- (a) a policy of life insurance issued in respect of an insurance made before 3rd March 2004,
 - (b) a contract for a life annuity made before that date, or
 - (c) a capital redemption policy where the contract was made before that date, but excluding a policy or contract within sub-paragraph (3).
- (3) A policy or contract is within this sub-paragraph if on or after 3rd March 2004—
- (a) it is varied so as to increase the benefits secured,
 - (b) there is an assignment of the rights, or a share of the rights, conferred by it, or
 - (c) all or part of those rights become held as security for a debt.
- (4) Any exercise of rights conferred by a policy or contract counts as its variation for the purposes of sub-paragraph (3)(a).

Pre-1st January 2005 contracts for immediate needs annuities: income tax treated as paid

- 118 (1) A contract for a life annuity made before 1st January 2005 is not to be treated for the purposes of paragraph (c) of section 531(3) (policies and contracts excluded from section 530) as having not formed part of any insurance company's or friendly society's basic life assurance and general annuity business the income and gains of which are subject to corporation tax by reason only of the immediate needs annuities exclusion.
- (2) In sub-paragraph (1) “the immediate needs annuities exclusion” means the words [^{F195} following paragraph (b) in the definition of “life assurance business”].

Textual Amendments

F195 Words in [Sch. 2 para. 118\(2\)](#) substituted (19.7.2007 with effect as stated in [s. 38\(2\)](#) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 38, Sch. 7 para. 79](#) (subject to transitional provisions in [Sch. 7 Pt. 2](#))

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PART 7 **U.K.**

SAVINGS AND INVESTMENT INCOME: GAINS FROM CONTRACTS FOR LIFE INSURANCE ETC. (PERSONAL PORTFOLIO BONDS)

*Pre-17th March 1998 contract or policy: conditions to be
met for contract or policy not to be a personal portfolio bond*

- 119 For the purposes of Chapter 9 of Part 4, a policy or contract is not a personal portfolio bond if—
- (a) it meets the date condition (see paragraph 120),
 - (b) it meets the non-variation condition (see paragraph 121), and
 - (c) it meets either the first selection condition (see paragraph 122) or the second selection condition (see paragraph 123).

The date condition

- 120 (1) A policy meets the date condition if it is a policy issued in respect of an insurance made before 17th March 1998.
- (2) A contract meets the date condition if it was made before that date.

The non-variation condition

- 121 (1) A policy or contract meets the non-variation condition if it has not been varied on or after 16th July 1998 so as—
- (a) to increase the benefits secured, or
 - (b) to extend the term of the policy or contract.
- (2) Any exercise of rights conferred by a policy or contract counts as its variation for the purposes of this paragraph.

The first selection condition

- 122 A policy or contract meets the first selection condition at any time if for the whole of the period beginning with 6th April 1994 and ending with that time it has not been possible to determine the whole or any part of the benefits under the policy or contract by reference to—
- (a) an index other than a permitted index (see paragraph 126), or
 - (b) property other than permitted property (see paragraph 127).

The second selection condition

- 123 (1) A policy or contract meets the second selection condition at any time if it meets conditions A to C.
- (2) Condition A is that for some or all of the period beginning with 6th April 1994 and ending with that time it has been possible to determine the whole or any part of the benefits under the policy or contract by reference to—
- (a) an index other than a permitted index, or
 - (b) property other than permitted property.

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- (3) Condition B is that at no time during that period have the benefits under the policy or contract actually been determined by reference to such property or such an index.
- (4) Condition C is that the terms of the policy or contract were varied before the end of the first insurance year in relation to the policy or contract which began on or after 6th April 1999 so that, since that variation,—
 - (a) the only index which it has been possible to select as mentioned in section 516(4) is a permitted index, and
 - (b) the only property which it has been possible to select as mentioned in section 516(4) is permitted property.
- (5) Condition C is subject to paragraphs 124 and 125 (which modify it in cases where any holder of the policy or contract was not UK resident on 17th March 1998 and has become UK resident since that date).

Policy holders becoming UK resident after 17th March 1998

- 124 (1) This paragraph applies to a policy or contract if—
- (a) any holder of the policy or contract on 17th March 1998 was not UK resident on that date,
 - (b) such a holder has become UK resident since that date, and
 - (c) the holder did not intend, on the date of the holder's arrival in the United Kingdom by virtue of which the holder became UK resident—
 - (i) to become permanently UK resident, or
 - (ii) to stay in the United Kingdom for at least two years.
- (2) The policy or contract meets condition C in the second selection condition if it has been varied as described in that condition before the later of—
- (a) the end of the first insurance year in relation to the policy or contract beginning on or after 6th April 1999, and
 - (b) the end of the first insurance year in relation to the policy or contract beginning after the date since 17th March 1998 on which the holder of the policy or contract first became UK resident.
- (3) No gain is treated as arising from the policy or contract under section 525 (chargeable events where annual personal portfolio calculations show gains) in relation to any insurance year which ends—
- (a) on or after the date since 17th March 1998 on which the holder of the policy or contract first became UK resident, and
 - (b) before the insurance year in which the variation was made.

Policy holders becoming permanently UK resident after 17th March 1998

- 125 (1) This paragraph applies to a policy or contract if—
- (a) any holder of the policy or contract on 17th March 1998 was a non-UK resident individual on that date,
 - (b) such a holder has become UK resident since that date, and
 - (c) the holder intended, on the date of the holder's arrival in the United Kingdom by virtue of which the holder became UK resident,—
 - (i) to become permanently UK resident, or
 - (ii) to stay in the United Kingdom for at least two years.

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- (2) The policy or contract meets condition C in the second selection condition if it has been varied as described in that condition before the later of—
- (a) the end of the first insurance year in relation to the policy or contract beginning on or after 6th April 1999, and
 - (b) the end of the first insurance year in relation to the policy or contract beginning on or after the date mentioned in sub-paragraph (1)(c).
- (3) No gain is treated as arising from the policy or contract under section 525 in relation to any insurance year which ends—
- (a) on or after the date since 17th March 1998 on which the holder of the policy or contract first became UK resident, and
 - (b) before the insurance year in which the variation was made.

Meaning of “permitted index”

- 126 In this Part of this Schedule “permitted index” means an index falling within a category listed in section 518.

Meaning of “permitted property”

- 127 (1) In this Part of this Schedule “permitted property”, in relation to a policy or contract, means any of the following—
- (a) property falling within any of the categories listed in the table in section 520(2),
 - (b) shares or securities listed on a recognised stock exchange, and
 - (c) subject to sub-paragraph (2), shares or securities of a company which are dealt in on the Unlisted Securities Market or the Alternative Investment Market.
- (2) Shares or securities of a company which fall within sub-paragraph (1)(c) are not permitted property at any time at which—
- (a) the whole or any part of the benefits under the policy or contract may be determined by reference to shares or securities of the company which represent more than 10% of its issued share capital, or
 - (b) the amount invested in shares or securities of the company under the policy or contract exceeds 10% of the total amount of premiums paid up to that time under the policy or contract.

Other definitions

- 128 (1) In this Part of this Schedule “security” has the same meaning as in section 132(3)(b) of TCGA 1992.
- (2) Any references in this Part of this Schedule to shares or securities include a reference to any option, warrant or other right to acquire shares or securities.
- (3) In sub-paragraph (3) “warrant” has the same meaning as in paragraph 14 of Schedule 2 to FISMA 2000.

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PART 8 U.K.

MISCELLANEOUS INCOME

Intellectual property: contributions to expenditure not made by public bodies nor eligible for tax relief

- 129 Section 604 applies with the omission of subsection (3)(b) in relation to contributions made before 27th July 1989.

Certain telecommunication rights

- 130 Chapter 4 of Part 5 does not apply to an indefeasible right to use a telecommunications cable system (“IRU”) acquired before 21st March 2000.

- 131 (1) That Chapter also does not apply to an IRU acquired by a person on or after that date (directly or indirectly) from an associate or an associated company if the associate or associated company acquired the IRU before that date.

- (2) In sub-paragraph (1)—

“associate” has the meaning given by section 417(3) and (4) of ICTA, and
“associated company”—

- (a) in relation to another company, has the meaning given by section 416(1) of that Act, and
(b) in relation to any other person, means a company of which that person has control within the meaning of subsections (2) to (6) of that section.

Income treated as income of settlor: exception for pension income

- 132 (1) Subject to sub-paragraph (4), section 627 applies before 6th April 2006 with the following amendments.

- (2) In subsection (2)(c) for “a relevant pension scheme” substitute “an approved pension arrangement”.

- (3) For subsection (3) substitute—

“(3) In subsection (2) an “approved pension arrangement” means—

- (a) an approved scheme or exempt approved scheme,
(b) a relevant statutory scheme,
(c) a retirement benefits scheme set up by a government outside the United Kingdom for the benefit, or primarily for the benefit, of its employees,
(d) a contract or scheme which is approved under Chapter 3 of Part 14 of ICTA (retirement annuities),
(e) a personal pension scheme which is approved under Chapter 4 of that Part,
(f) an annuity purchased for the purpose of giving effect to rights under a scheme falling within any of paragraphs (a) to (c) and (e), or
(g) any pension arrangements of any description prescribed by regulations made under section 11(2)(h) of the Welfare Reform and Pensions Act 1999 (c. 30) or Article 12(2)(h) of the Welfare Reform

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and Pensions (Northern Ireland) Order 1999 (S.I. 1999/3147 (N.I. 11)).

- (4) In subsection (3) “approved scheme”, “exempt approved scheme”, “relevant statutory scheme” and “retirement benefits scheme” have the same meaning as in Chapter 1 of Part 14 of ICTA (retirement benefit schemes).”
- (4) The power of the Treasury to make an order under section 281 or 283 of FA 2004 has effect as if Schedule 35 to that Act contained an amendment substituting section 627 of this Act for that section as amended by sub-paragraphs (2) and (3) above.

Amounts treated as income of settlor: income paid to unmarried minor children of settlor

- 133 (1) In relation to income which—
- (a) arises under a settlement made or entered into before 9th March 1999, and
 - (b) does not arise directly or indirectly from funds provided on or after that date,
- section 629 applies with the omission from subsection (1) of paragraph (b) and the word “or” before that paragraph.
- (2) Where subsection (1) of section 629 applies for a tax year only in relation to such income as is mentioned in sub-paragraph (1), that section applies with the substitution for subsections (3) and (4) of—
- “(3) Income paid to or for the benefit of a child of a settlor is not treated as provided in subsection (1) for a tax year in which the total amount paid to or for the benefit of that child which but for this subsection would be so treated does not exceed £100.”
- (3) Where subsection (1) of section 629 applies for a tax year in relation to such income as is mentioned in sub-paragraph (1) above and other income, that section applies with the substitution for subsection (4) of—
- “(4) In subsection (3) a child's “relevant settlement income” means income which (apart from that subsection) would be treated as income of the settlor under subsection (1) and which—
- (a) so far as consisting of such income as is mentioned in paragraph 133 of Schedule 2, is income paid to or for the benefit of the child, and
 - (b) so far as consisting of other income, is income paid to or for the benefit of, or otherwise treated as income of, the child.”
- (4) Any apportionment required for the purposes of sub-paragraph (1)(b) is to be made on a just and reasonable basis.

Amounts treated as income of settlor: capital sums paid to settlor by trustees of settlement

- 134 (1) In relation to any case which involves any previous tax years before 1995-96, subsection (3) of section 635 applies in accordance with sub-paragraphs (2) and (3) below.
- (2) So far as that subsection applies in relation to those previous tax years, for paragraph (c) substitute—
- “(c) so much of any income arising under the settlement in any previous year which has not been distributed as is shown to consist of

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- income which has been treated as income of the settlor by virtue of section 671, 672, 674, 674A or 683 of ICTA,
- (d) any income arising under the settlement in any previous year which has been treated as the income of the settlor by virtue of section 673 of ICTA,
- (e) any sums paid by virtue or in consequence of the settlement, to the extent that they are not allowable, by virtue of section 676 of ICTA, as deductions in computing the settlor's income for any previous year,
- (f) any sums paid by virtue or in consequence of the settlement in any previous year which have been treated as the income of the settlor by virtue of section 664(2)(b) of ICTA,
- (g) any sums included in the income arising under the settlement as amounts which have been or could have been apportioned to a beneficiary as mentioned in section 681(1)(b) of ICTA, and”.
- (3) For paragraph (d) of that subsection substitute—
- “(h) an amount equal to the sum of tax at the rate applicable to trusts on—
- (i) the total amount of income arising under the settlement in that year and any previous year which has not been distributed, less
- (ii) the total amount of the income and sums referred to in paragraph (c) (in relation to tax years 1995-96 onwards) and paragraphs (c), (d), (e), (f) and (g) as substituted by paragraph 134 of Schedule 2 (in relation to tax years before 1995-96).”
- (4) In relation to any sum paid before 6th April 1995, subsection (3) of section 634 applies with the substitution of “ in one of the events specified in section 673(3) of ICTA ” for paragraphs (a) and (b).
- (5) Subsection (5)(a) of section 634 does not apply if the direction or assignment was given or made before 6th April 1981.

*Amounts treated as income of settlor: capital sums
paid to settlor by body connected with settlement*

- 135 In relation to any capital sum paid to the settlor before tax year 1995-96, section 641 applies with the insertion after subsection (6) of—
- “(6A) Where a capital sum is paid to the settlor in a tax year by a body corporate connected with the settlement in that year it is to be assumed until the contrary is shown that an associated payment of an amount not less than that of the capital sum has been made to that body by the trustees of the settlement.”

Beneficiaries' income from estates in administration: basic amounts

- 136 (1) Sub-paragraph (2) applies if any previous tax year to which regard is to be had for the purposes of section 665 (assumed income entitlement) is a tax year before 2005-06 (an “old tax year”).

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- (2) In relation to the old tax year, the reference in step 4 in subsection (1) of that section to basic amounts relating to the person's absolute interest in respect of which the person is liable to income tax for that year is to be taken as a reference to the amount deemed to have been paid to that person as income for that year in respect of that interest by virtue of section 696 of ICTA.
- (3) Sub-paragraph (4) applies if one or more of the absolute interests referred to in section 671(1) (successive absolute interests) was held in one or more old tax years.
- (4) The reference in section 671(2)(b) to the basic amounts relating to any previous such interest includes a reference to the amounts deemed to have been paid to the previous holder as income for the old tax years in respect of that interest by virtue of section 696 of ICTA.
- (5) Sub-paragraph (6) applies if any of the limited interests referred to in section 672(1) (d) (successive interests: assumed income entitlement of holder of absolute interest following limited interest) was held in one or more old tax years.
- (6) The reference in section 672(4) to the basic amounts relating to any previous such interest includes a reference to the amounts deemed to have been paid to the holders of any such interests as income for the old tax years in respect of those interests by virtue of section 695 of ICTA.
- (7) In the case of a UK estate, references in this paragraph to the amounts deemed to have been paid are references to the amounts that would be deemed to have been paid apart from sections 695(4)(a) and 696(4) of ICTA (grossing up).

Beneficiaries' income from estates in administration: income treated as bearing income tax

- 137 A sum treated as part of the aggregate income of an estate by virtue of section 547(1) (c) of ICTA (gains from life insurance contracts etc.) as the result of an event that occurred before 6th April 2004 is treated for the purposes mentioned in section 680 of this Act as bearing income tax at the basic rate.

PART 9 U.K.

EXEMPT INCOME

Ulster savings certificates

- 138 In the case of certificates acquired before 27th July 1981, section 693(5) applies with the substitution for “the Department of Finance and Personnel” of “ the Treasury ”.

SAYE interest

- 139 Any scheme which was certified as mentioned in section 326(2)(c), (3)(b) or (4) (b) of ICTA before 1st December 1994 is treated as a certified SAYE savings arrangement for the purposes of Chapter 4 of Part 6 of this Act.
- 140 A European authorised institution arrangement is not an institutional arrangement for the purposes of Chapter 4 of Part 6 if the arrangement was established before 2nd May 1995.

Status: Point in time view as at 21/07/2009.

Changes to legislation: Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- 141 (1) Neither—
 - (a) the Treasury specification rules, nor
 - (b) the Treasury authorisation rules,
 apply to any scheme which was certified as mentioned in section 326(3)(b), (4)(b) or (5)(b) of ICTA before 31st July 1995.

- (2) In sub-paragraph (1)—
 - “the Treasury specification rules” means sections 705(1)(b) and (2) to (4) and 706 of this Act, and
 - “the Treasury authorisation rules” means sections 707 and 708 of this Act.

Venture capital trust dividends: shares acquired before the tax year 2004-05

- 142 In the case of dividends paid in respect of shares acquired before the tax year 2004-05, Chapter 5 of Part 6 (venture capital trust dividends) applies as if the references in section 709(4) (annual acquisition limit) to £200,000 were references to £100,000.

Purchased life annuity payments: old determinations concerning capital elements

- 143 **F196**

Textual Amendments
F196 Sch. 2 para. 143 repealed (19.7.2007 with effect as stated in s. 46 of the amending Act) by Finance Act 2007 (c. 11), s. 114, Sch. 27 Pt. 2(13)

Purchased life annuity payments: carry forward of excess capital elements

- 144 (1) This paragraph applies if, in the case of an annuity to which section 656(2) of ICTA applied immediately before 6th April 2005, the total of the amounts determined in accordance with that section to be capital elements in respect of the annuity payments that arose before that date (and accordingly not to be annual payments for income tax purposes) exceeded the total of those annuity payments.
- (2) The amount of the excess is to be added to the fixed sum mentioned in section 719(4) for the first payment that arises after 5th April 2005.

Purchased life annuity payments: penalty for false statements

- 145 **F197**

Textual Amendments
F197 Sch. 2 para. 145 repealed (19.7.2007 with effect as stated in s. 46 of the amending Act) by Finance Act 2007 (c. 11), s. 114, Sch. 27 Pt. 2(13)

Certain annual payments by individuals

- 146 (1) Sections 727 (exemption for certain annual payments by individuals) and 730 (exemption for foreign maintenance payments) do not apply to—

Status: Point in time view as at 21/07/2009.

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- (a) any payment falling due before 16th March 1988, or
 - (b) any payment falling due on or after that date but before 6th April 2000 to which this paragraph applies.
- (2) Paragraph (b) of sub-paragraph (1) applies to a payment made in pursuance of an existing obligation (within the meaning of section 36(3) of FA 1988) unless it meets any of conditions A to E.
- (3) Condition A is that the payment is treated as income of the payer under Chapter 5 of Part 5 as a result of section 624 or 629.
- (4) Condition B is that the payment fell due from a husband to a wife or a wife to a husband at a time after 5th April 1990 when they were living together.
- (5) Condition C is that an election is duly made under section 39 of FA 1988 in respect of the payment.
- (6) Condition D is that the payment fell due on or after 6th April 1994 and is made—
- (a) in pursuance of an obligation within section 36(4)(a) to (c) of FA 1988 that is an obligation under—
 - (i) an order made by a court,
 - (ii) a written or oral agreement, or
 - (iii) a deed executed for giving effect to an agreement, and
 - (b) for the benefit, maintenance or education of a person (whether or not the person to whom the payment is made) who attained the age of 21 on or before the day on which the payment fell due but after 5th April 1994.
- (7) Condition E is that—
- (a) the payment is made in pursuance of an obligation within section 36(4)(a) of FA 1988 (existing obligations under certain court orders),
 - (b) the payment is made for the benefit, maintenance or education of a person (whether or not the person to whom the payment is made) who attained the age of 21 before 6th April 1994, and
 - (c) section 38 of FA 1988 (treatment of certain maintenance payments under existing obligations) does not apply to the payment.

Annual payments for non-taxable consideration

147 Section 729 (exemption for payments for non-taxable consideration) applies in the case of an annuity granted before 30th March 1977—

- (a) with the substitution in subsection (1) of “ condition B, C or D ” for “condition B or C”, and
- (b) with the substitution of the following subsections for subsection (5)—
 - “(5) Condition D is that the payment is a payment under an annuity charged on an interest in settled property and granted by an individual to a company—
 - (a) whose business then consisted wholly or mainly in the acquisition of interests in settled property, or
 - (b) which was then carrying on life assurance business in the United Kingdom.

Status: Point in time view as at 21/07/2009.

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- (6) In the application of subsections (4) and (5) to Scotland, the references in those subsections to settled property are to be read as references to property held in trust.”

Periodical payments of personal injury damages etc.

- 148 (1) Subject to sub-paragraphs (4) and (5), sections 731, 733 and 734 apply with the modifications in sub-paragraphs (2) and (3).
- (2) In section 731 (periodical payments of personal injury damages)—
- (a) for subsection (2) substitute—
- “(2) This subsection applies to periodical payments made in pursuance of—
- (a) a court order making a final or interim award of damages in respect of personal injury,
- (b) an agreement settling a claim or action for such damages, or
- (c) an agreement for a payment on account of the damages that may be awarded in such an action.”,
- (b) in subsection (3)(b) for the words from “agreement” to the end of the paragraph substitute “ or agreement as is mentioned in subsection (2) or a subsequent agreement ”, and
- (c) omit subsection (6).
- (3) In sections 733(a) and 734(1)(a)(i) for “agreement, undertaking” substitute “ or agreement ”.
- (4) The modifications in sub-paragraphs (2) and (3) do not apply if an order has been made under section 110(1) of the Courts Act 2003 (c. 39) (commencement) making provision for section 100(2) and (3) of that Act to come into force on a day earlier than 6th April 2005.
- (5) The power in section 110(1) of that Act includes power to make provision in accordance with which the modifications in sub-paragraphs (2) and (3) do not apply on or after a day appointed by the order that is later than 5th April 2005.

Commencement Information

- II** [Sch. 2 para. 148](#) wholly in force at 6.4.2005; [Sch. 2 para. 148\(5\)](#) in force at Royal Assent and [Sch. 2 para. 148\(1\)-\(4\)](#) in force at 6.4.2005 see [s. 883](#)

PART 10 U.K.

FOSTER-CARE RELIEF

- 149 (1) This paragraph applies if—
- (a) a disposal event is treated as occurring in relation to an individual under paragraph 17(2) of Schedule 36 to FA 2003 (foster-care relief: capital allowances),
- (b) the individual is a relevant individual for the tax year 2004-05,

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- (c) the individual has a chargeable period which corresponds to the income period for the individual's foster-care receipts in that tax year (and therefore the chargeable period is a relevant chargeable period), and
 - (d) the next chargeable period of the individual is not a relevant chargeable period.
- (2) Subsection (4) of section 825 applies (despite anything in subsection (1) of that section to the contrary) as if the reference to the first subsequent chargeable period which is not a relevant chargeable period were to the period mentioned in subparagraph (1)(d).

PART 11 U.K.

FOREIGN INCOME: SPECIAL RULES

Relevant foreign income charged on remittance basis: income arising before the tax year 2005-06

F198 150

Textual Amendments

F198 Sch. 2 para. 150 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. 72

Relevant foreign income charged on remittance basis: delayed remittances

F199 151

Textual Amendments

F199 Sch. 2 para. 151 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. 72

Relief for backdated pensions charged on arising basis

- 152 The fact that the earlier year referred to in subsections (1)(b) and (2) of section 840 (relief for backdated pensions charged on the arising basis) is a tax year before 2005-06 does not prevent—
- (a) a claim being made under that section, or
 - (b) such adjustments (by way of repayment of tax, assessment or otherwise) as are necessary to give effect to that section being made as respects such a tax year.

Unremittable income that arose before the tax year 2005-06

- 153 (1) A claim may be made under section 842 (claim for relief on unremittable income) for the tax year 2005-06 or any later tax year, despite the income having arisen in a tax year before 2005-06.

Status: Point in time view as at 21/07/2009.

Changes to legislation: *Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (2) Without prejudice to paragraph 4 of this Schedule, section 843 (withdrawal of relief) applies for the tax year 2005-06 or any later tax year, despite the income having arisen originally in a tax year before the tax year 2005-06 (whether the claim in respect of it was made under section 584 of ICTA (relief for unremittable overseas income) or section 842 of this Act).

F200(3)

F200(4)

Textual Amendments

F200 Sch. 2 para. 153(3)(4) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 444](#)

PART 12 U.K.

OTHER PROVISIONS

Unpaid remuneration: non-trades and non-property businesses

- 154 (1) This paragraph applies for the purposes of section 865.
- (2) In relation to a period of account ending before 27th November 2002, an amount charged in the accounts in respect of employees' remuneration includes an amount which is held by an intermediary with a view to its becoming employees' remuneration.
- (3) In relation to a period of account ending on or after 27th November 2002, an amount charged in the accounts in respect of employees' remuneration includes an amount—
- (a) in respect of employee benefit contributions (within the meaning of sections 38 to 44) made before that date, and
 - (b) which is held by an intermediary,
- with a view to its becoming employees' remuneration.

Employee benefit contributions: non-trades and non-property businesses

- 155 Section 866 does not apply to deductions that would otherwise be allowed—
- (a) for a period ending before 27th November 2002, or
 - (b) in respect of employee benefit contributions made before that date.
- 156 (1) Subject to sub-paragraph (3), section 866 applies before 6th April 2006 with the following amendment.
- (2) In subsection (5)—
- (a) for paragraphs (b) and (c) and the word “or” at the end of paragraph (c) substitute—
 - “(b) contributions under a retirement benefits scheme within the meaning of Chapter 1 of Part 14 of ICTA (see section 611 of that Act),

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- (c) contributions under a personal pension scheme approved under Chapter 4 of that Part (see section 630 of that Act), or”, and
- (b) omit “For the purposes of paragraph (c)” to the end.
- (3) The power of the Treasury to make an order under section 281 or 283 of FA 2004 has effect as if Schedule 35 to that Act contained an amendment substituting section 866(5) of this Act for that subsection as amended by sub-paragraph (2) above.

Crime-related payments: non-trades and non-property businesses

- 157 Section 870(2)(b) does not apply to expenditure which was incurred before 1st April 2002.

Apportionment of miscellaneous profits or losses to tax years before tax year 2005-06

- 158 (1) This paragraph applies if—
- (a) a relevant period of account begins before 6th April 2005 and ends on or after that date, and
 - (b) in order to arrive at the profits or losses of a tax year before the tax year 2005-06 it is necessary to apportion the profits or losses of the relevant period of account to any part of that period falling in a tax year before the tax year 2005-06.
- (2) A period of account is a “relevant period of account” if—
- (a) section 871 applies to the period of account, and
 - (b) the profits or losses of the part of the period of account falling in the tax year 2005-06 are calculated in accordance with this Act.
- (3) The profits or losses of the relevant period of account—
- (a) are calculated in accordance with this Act (and therefore, to that extent, this Act has effect for tax years before the tax year 2005-06), and
 - (b) may be apportioned in accordance with section 871 to any part of the period of account falling in a tax year before the tax year 2005-06.

General deduction rules

- 159 Neither—
- (a) the inclusion of rules in section 582 for calculating income chargeable to tax under section 579, nor
 - (b) the inclusion of rules in sections 612 and 617(3) to (6) for calculating income chargeable to tax under Chapter 3 or 4 of Part 5,
- prevents the continued operation of similar rules of law in relation to the calculation of other income (including profits) chargeable to tax under other provisions of this Act.

Section 820 of ICTA

- 160 Section 820 of ICTA (application of Income Tax Acts from year to year) applies to this Act as if this Act were in force on the day before 6th April 2005.

Status: Point in time view as at 21/07/2009.

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Amendments of Part 4 of FA 2004 (pension schemes etc.)

- 161 The amendments made by paragraphs 644 to 651 and 655 of Schedule 1 come into force at the same time as the enactments which they amend.

SCHEDULE 3 U.K.

Section 884

REPEALS AND REVOCATIONS

<i>Reference</i>	<i>Extent of repeal or revocation</i>
Finance Act 1950 (c. 15)	In section 40(3), the words “by the Special Commissioners under Case VI of Schedule D” and “under that Case”.
Chevening Estate Act 1959 (c. 49)	Section 2(1)(a).
Taxes Management Act 1970 (c. 9)	In section 9(1), the words “233(1),” and “, 249(4), 421(1) or 547(5)”. Section 9D. Section 12AE(2)(a). Section 30(4). In section 31(3), the words “9D or”. In section 42(7) the word “and” before paragraph (d). In section 46B(4)— (a) the words “of the principal Act”, and (b) paragraph (b). Section 46C(3)(a). In section 59B(1), the words “233(1),” and “, 249(4), 421(1) or 547(5)”. In the Table in section 98, in each column— (a) the entry relating to regulations under section 326C of ICTA, and (b) the entry relating to section 660F of ICTA.
Oil Taxation Act 1975 (c. 22)	In section 3(2), in the first sentence, the words “less the amount of the rebate recoverable (within the meaning of that subsection)”.
Chevening Estate Act 1987 (c. 20)	Section 4(a).
Income and Corporation Taxes Act 1988 (c. 1)	In section 1(1), paragraph (a) and the word “and” at the end of paragraph (b). In section 1A— (a) in subsection (2)(aa), the words “under Case VI of Schedule D”, (b) in subsection (4), paragraph (b) and the word “or” at the end of paragraph (a), and (c) subsection (7). Section 4(1B).

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In section 9—

(a) in subsection (3)(a), the words “, as they apply for purposes of income tax”, and

(b) in subsection (6), the words “60 to 69,”
Section 18(6).

Sections 20 and 21.

In section 21A—

(a) in subsection (2), the words “sections 112 and 113 of that Act (expenditure in connection with provision of security asset or service);”, and

(b) in subsection (4), the words “section 82 (interest paid to non-residents),” and the words “section 96 (farming and market gardening: relief for fluctuating profits),”.

In section 21B, the words “, 108, 109A” and the words “section 113 (effect for income tax purposes of change in the persons engaged on trade);”.

Sections 31A and 31B.

In section 37(1), the word “or” at the end of paragraph (a).

In section 43C(3), the word “or” at the end of paragraph (a).

In section 59—

(a) subsections (1) and (2), and

(b) in subsection (3), the words “under Schedule D”.

Sections 60 to 65A.

Sections 68 to 69.

Section 71.

In section 72(1), the words “income tax or” and “year of assessment,”.

Section 74(1)(b) and (o).

Section 77.

Sections 80 to 82.

Section 84(3B)

In section 87(1), the word “or” at the end of paragraph (a).

In section 90(3), the words “113(1) or”.

In section 91A(2), the words “income tax or”.

In section 91B(2), the words “income tax or”.

Section 95(1A)(a).

Sections 95A and 96.

In section 100(2), the words “or vocation” in both places where they occur.

In section 101—

(a) in subsection (1), the words “or vocation”, wherever they occur,

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- (b) in subsection (2) the words “or vocation”,
- (c) in subsection (2A), paragraph (a) and, in paragraph (b), the words “in the case of an election for the purposes of corporation tax,” and “or vocation”, and
- (d) in subsection (3) omit the words “or vocation”, wherever they occur.

In section 102—

- (a) in subsection (1), the words “or vocations”, and
- (b) in subsection (2), the words “113 or” and the words from “but those sections” to the end.

In section 103—

- (a) in subsection (1), the words “under Case I or II of Schedule D”, and
- (b) in subsection (3), paragraphs (b) and (bb) and the words from “Paragraph (b) above shall” to the end.

In section 104—

- (a) in subsection (1), the words “under Case I or II of Schedule D”, and
- (b) in subsection (3), the words “and (b)”.

Sections 107 to 109.

In section 109A—

- (a) subsection (3),
- (b) in subsection (4), the unnumbered paragraph beginning with “If any sum”, and
- (c) in subsection (4A), the unnumbered paragraph beginning with “If any sum”.

Section 110A and the italic cross-heading before it.

In section 111, subsections (2) to (13).

Sections 112 and 113.

Section 121(1).

In section 122—

- (a) in subsection (1), the words “for the purposes of income tax, or as the case may be” and the words “year or” in both places where they occur,
- (b) in subsection (2)(a), the words from “brought into account” to “may be,”, and
- (c) subsection (4).

Sections 127 and 127A.

Section 128(1).

In section 214(1)(a), the words “chargeable to tax under Case VI of Schedule D”.

In section 231, in subsection (1) the words “or a person resident in the United Kingdom,

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- not being a company”, and subsections (3) and (3AA).
- In section 231AA(1A), the second sentence.
- In section 231AB(1A), the second sentence.
- Sections 232 and 233.
- In section 249, subsections (4) to (7) and in subsection (8) the words from “and subsections (5)” onwards.
- Section 251(2) to (6).
- Sections 251A to 251D.
- In section 273, the words “, 617(3)”.
- Section 314.
- Section 322.
- Sections 324 to 327A.
- Sections 329 to 329AB.
- Section 331.
- Section 331A.
- Section 332(3).
- In section 332A, the words “and distributions by such trusts”.
- Section 333A.
- In section 333B(9), the definition of “section 333 business”.
- Section 347A(4) and (5).
- In section 349(4)—
 - (a) in the definition of “qualifying certificate of deposit” the words “as defined in section 56(5)”, and
 - (b) in paragraph (b) of the definition of “qualifying deposit right” the words “as defined in section 56(5)”.
- Section 349B(5).
- Section 368(4).
- In section 382(3), the words “under the provisions of the Income Tax Acts applicable to Case I or II of Schedule D”.
- In section 385(4)—
 - (a) the words “under Case I of Schedule D”,
 - (b) the words “under that Case” in both places where they occur.
- In section 386(1), the words “under Schedule D”.
- In section 388—
 - (a) in subsection (1), the words “under Schedule D”,
 - (b) in subsection (4), the words “under Schedule D”, and
 - (c) in that subsection, the words “under Case I of Schedule D” in both places where they occur.
- In section 399—
 - (a) subsections (1) and (1A), and

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(b) in subsection (5), the words from “and the reference” to the end.

In section 421, in subsection (1), paragraphs (c) and (d) and subsections (2) and (3).

Section 434(1A).

In section 437(1C), the word “and” at the end of paragraph (b).

In section 477A, subsections (5) and (6) and in subsection (9) the words from “but” to the end of the subsection.

Section 480C.

In section 481, in subsection (5A)(c) the words “or 480C” and in subsection (6) the word “, 480C”.

Section 486(5).

In section 491—

- (a) in subsection (4), the words “113 or”,
- (b) subsection (5), and
- (c) in subsection (10), the words “or vocation”.

In section 503—

- (a) in subsection (1), the words “in the United Kingdom”, and
- (b) subsections (2) and (3).

In section 504—

- (a) subsection (4),
- (b) in subsection (6), the words “year of assessment or” and the words “year or” wherever they occur,
- (c) in subsection (7), the words “year of assessment or” and the words “year or” in both places where they occur, and
- (d) in subsection (8), the words “year of assessment or”.

In section 505(1)(c)(iia) the words “IV or”.

Section 514.

In section 524—

- (a) in subsection (2A), paragraph (a),
- (b) in that subsection, in paragraph (b), the words “in the case of an election for the purposes of corporation tax”,
- (c) subsection (4), and
- (d) in subsection (6), the words “subsection (4) shall not apply, but”.

In section 525—

- (a) subsection (2), and
- (b) in subsection (4), the words “(or, if he is dead, his personal representatives)” and paragraph (b) and the word “and” immediately preceding it

Section 526(2).

In section 528—

- (a) subsection (2),

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- (b) in subsection (3), the words “as that provision applies for the purposes of corporation tax”, and
- (c) in subsection (3A), the words “a person's or” and “479 or”.

Section 529.

Section 531(6).

Section 539(8).

In section 546C(8)—

- (a) paragraph (a) and the word “or” at the end of it, and
- (b) the words “year of assessment or”.

In section 547—

- (a) in subsection (1), paragraphs (a) and (c) to (e), and
- (b) subsections (4A) to (7A) and (9) to (14).

Sections 549 to 551.

In section 552(1), the words “within the meaning of this Chapter”.

In section 552A(5) the words “in relation to which this Chapter has effect and”.

Section 553(6) to (9).

Section 553A(3).

In section 553C(4), paragraph (d) and the word “or” before it.

Section 554.

Section 556(1) and (3)(a).

Section 557.

Section 577(8A).

Sections 580A to 580C.

Section 581.

Section 583.

Section 584(6)(a) and (7).

Section 585.

In section 587(1), the words “, or total income,”.

In section 588(5), the words “section 29(1) of the Management Act, or”.

In section 591C(2), the words “under Case VI of Schedule D”.

In section 602(1)(a), the words “under Case VI of Schedule D”.

Section 617(4)(d) and (e).

In section 650A(2), the words “under Case VI of Schedule D”.

In section 658(5), the words “for himself or for any other person” and “, he”.

Sections 660A and 660B.

Section 660C(1) to (2).

Sections 660D to 660G.

Sections 677 and 678.

Sections 682 and 682A.

Status: Point in time view as at 21/07/2009.

Changes to legislation: *Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

Section 688.

In section 695—

- (a) in paragraph (b) of subsection (4), the words from “and shall” to the end of the paragraph, and
- (b) in subsection (6), the words “, for the purpose of computing his total income,”.

In section 696—

- (a) in subsection (6), the words from “and shall” to the end of the subsection, and
- (b) in subsection (8), the words from the beginning to “this section”.

In section 697(4), the words from “, and the residuary income” to the end of the subsection.

Section 699.

In section 699A—

- (a) in subsection (1A), paragraph (b) and the word “or” immediately preceding it, and
- (b) subsection (6).

In section 700(5), the word “and” at the end of paragraph (a).

In section 701(8), the word “and” at the end of paragraph (a) and the second sentence.

In section 710(5), the word “and” at the end of paragraph (a).

In section 714(2), the words “under Case VI of Schedule D”.

In section 716(3), the words “under Case VI of Schedule D”.

Section 730C.

Section 740(4).

In section 775(2), the words from “, and which is” to the end.

In section 776(3)(a), the words from “, and which constitutes” to “period in which the gain is realised”.

In section 779(13)(c), the words “392 or”.

In section 781(4)(b), the words “392 or”.

In section 817(2), the words “or employment”.

In section 821(1), the words “in respect of those payments”.

Section 824(8).

In section 828(4), the word “324,”.

In section 830(3), the words “income tax or”.

In section 832(1), the definition of “Ulster Savings Certificates”.

Schedule 4A.

In Schedule 5—

Status: Point in time view as at 21/07/2009.

Changes to legislation: *Income Tax (Trading and Other Income) Act 2005 is up to date with all changes known to be in force on or before 01 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

	(a) in paragraph 2, sub-paragraphs (3)(a), (4)(a) and (5) and, in sub-paragraph (6), the definitions of “commencement year” and “qualifying year of assessment”, and
	(b) in paragraph 6, sub-paragraphs (2)(a), and (3)(a) and, in sub-paragraph (4), the definition of “qualifying year of assessment”.
	Schedule 5AA.
	Schedule 15A.
	In Schedule 15B—
	(a) in paragraph 4(1) and (2), the words “under Case VI of Schedule D”, and
	(b) paragraphs 7 to 9.
	In Schedule 27, in paragraph 3(1)(a)(i), the words “Case IV or”.
	In Schedule 30—
	(a) in paragraph 5(6), paragraph (b) and the word “or” before it,
	(b) in paragraph 5(8), the words “section 113 of this Act or”,
	(c) in paragraph 5(11), the words “or vocation”, and
	(d) paragraphs 18 and 18A.
Employment Act 1988 (c. 19)	In Schedule 3, paragraph 15.
Finance Act 1988 (c. 39)	Section 61(1)(a). In Schedule 3, paragraphs 2 and 3.
Copyright, Designs and Patents Act 1988 (c. 48)	In Schedule 7, paragraph 36(3).
Finance Act 1989 (c. 26)	In section 76(6C)(a), the words “of the Taxes Act 1988”. Section 109(4). Sections 112 and 113. In Schedule 9, paragraph 6(2)(a). In Schedule 12, in paragraph 1, the word “and” at the end of paragraph (a).
Finance Act 1990 (c. 29)	In section 25(9)(e), sub-paragraph (i) and the word “or” at the end of that sub-paragraph. Section 28(1) to (3). Section 29. In Schedule 7, paragraph 2. In Schedule 14, paragraphs 4(1) and 5.
Enterprise and New Towns (Scotland) Act 1990 (c. 35)	In Schedule 4, paragraph 15.
Finance Act 1991 (c. 31)	Section 70. In Schedule 7, paragraph 9.
Social Security Contributions and Benefits Act 1992 (c. 4)	In section 15—

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	<ul style="list-style-type: none"> (a) in subsection (1), the “and” at the end of paragraph (a), (b) in subsections (2), (3) and (3A) the words “or gains” in each place where they occur, and (c) subsection (4). <p>In Schedule 2, in paragraphs 3(1), (4) and (5), 4, 5 and 7, the words “or gains” in each place where they occur.</p> <p>Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7)</p> <p>In section 15—</p> <ul style="list-style-type: none"> (a) in subsection (1), the “and” at the end of paragraph (a), (b) in subsections (2), (3) and (3A) the words “or gains” in each place where they occur, and (c) subsection (4). <p>In Schedule 2, in paragraphs 3(1), (4) and (5), 4, 5 and 7, the words “or gains” in each place where they occur.</p>
Taxation of Chargeable Gains Act 1992 (c. 12)	<p>In Schedule 10, in paragraph 14, subparagraphs (5), (16), (19)(a), in subparagraph (19)(b), the words “and “(2A)”” and “and “143(3)” respectively” and subparagraph (52).</p>
Finance (No. 2) Act 1992 (c. 48)	<p>In section 19—</p> <ul style="list-style-type: none"> (a) in subsection (2), the words “550(3) and”, (b) in subsection (3), the words “549(2)” and “699(2)”, and (c) subsection (6). <p>Section 59. Section 60. Schedule 10.</p>
Finance Act 1993 (c. 34)	<p>Section 77(3). Section 183(1). In Schedule 6, paragraphs 2, 6 and 7.</p>
Finance Act 1994 (c. 9)	<p>Sections 200 to 208. Section 216(1) and (4). Section 219(5). In Schedule 9, paragraph 1. In Schedule 20—</p> <ul style="list-style-type: none"> (a) paragraphs 1 to 10, (b) in paragraph 11(1), the words “Subject to paragraph 12(2) below,” and (c) paragraphs 12 and 13.
Finance Act 1995 (c. 4)	<p>In section 55(8), paragraph (b) and the word “and” before it. Section 56.</p>

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	Sections 62 and 63.
	Section 64.
	Section 65.
	Section 76(2) and (3).
	Section 122.
	Section 124.
	Section 125(2) and (3).
	Section 145(2).
	In Schedule 6, paragraphs 17 and 38.
	Schedule 12.
	In Schedule 17—
	(a) paragraphs 2, 5, 6, 8, 9, 11 and 16,
	(b) in paragraph 17, sub-paragraph (2)(a) and the word “and” at the end and sub- paragraphs (3) and (4), and
	(c) paragraphs 18, 19, 21, 23, 30 and 32.
	In Schedule 22, paragraphs 2, 4, 6, 8 to 10 and 18 to 20.
Finance Act 1996 (c. 8)	Section 102.
	In section 122—
	(a) subsections (3) to (5), and
	(b) subsection (7)(a).
	Section 128(3) and (4).
	Section 143.
	Section 150.
	In section 154—
	(a) subsection (4), and
	(b) in subsection (6), the words “income tax or”.
	In Schedule 6—
	(a) paragraphs 6, 7 and 9, and
	(b) in paragraph 13, the words “549(2)” and “699(2)”.
	In Schedule 7—
	(a) paragraph 15, and
	(b) in paragraph 23(a), the words “, (4)(b)”.
	Schedule 13.
	In Schedule 14, paragraph 9.
	In Schedule 18—
	(a) paragraph 10, and
	(b) in paragraph 17, in each of sub- paragraphs (1) and (2), the word “10.”.
	In Schedule 20, paragraphs 3, 12, 33(6) and 34.
	In Schedule 21, paragraphs 1, 11, 15(4), 16 and 47.
	Schedule 26.
	In Schedule 38, paragraph 8.
	In Schedule 40, paragraph 7.
Income Tax (Furnished Accommodation) (Basic Amount) Order 1996 (S.I. 1996/ 2953)	The whole Order.

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Finance Act 1997 (c. 16)	In section 80, subsections (1) to (4), in subsection (6) the words “Subject to subsection (7) below,” and “and Schedule 11 to this Act” and subsection (7). In Schedule 7, paragraphs 8(2)(a) and 12(3). Schedule 11.
Finance (No. 2) Act 1997 (c. 58)	Section 22(5). Section 24(10). Section 30(2)(a), (5)(a) and (6). In Schedule 4— <ul style="list-style-type: none"> (a) paragraphs 4, 5, 6 and 10, (b) paragraph 11(1)(b) and the word “and” immediately preceding it, and (c) paragraphs 13, 14, 16(3), 17, 20(2)(b) and 27.
Finance Act 1998 (c. 36)	Section 42(4). Section 43. Section 75. Section 76(1), (2), (4) and (5). Section 78. Section 99(1), (4) and (5). In Schedule 5, paragraphs 23, 24, 45 and 63(4). In Schedule 7, in paragraph 1— <ul style="list-style-type: none"> (a) the words from “60(1) and (2) twice” to “68(1)”, (b) the words “77(1) and (2)(a)(i),” (c) the words “80(10), 82(1) and (5),” (d) the word “96(7),” (e) the words “107, 109(1)(b),” (f) the words from “110A(1)” to “113(1),” (g) in the entry relating to section 368, the words “and (4)(a)”, (h) in the entry relating to section 491, the word “(5),” (i) the words from “556(3)(a)” to “(2)(a), (b) and (c),” (j) the word “730C(1),” and (k) in the entry relating to paragraph 6 of Schedule 5, the words “(4) meaning of “qualifying year of assessment””. In Schedule 14— <ul style="list-style-type: none"> (a) paragraph 1(2), (3), (6), (7), (8), (9) and (10), and (b) paragraph 7(1), (2) and (4). In Schedule 19, paragraph 13(7).
Finance Act 1999 (c. 16)	Section 22(8) and (9)(a) and (b). Section 60. Section 64. Section 65(1) to (6). Section 70.

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	In Schedule 6, paragraph 6 and the italic cross-heading before it.
Commonwealth Development Corporation Act 1999 (c. 20)	In Schedule 3, paragraph 6(4).
Finance Act 2000 (c. 17)	Section 33. Section 41(6). Section 44(1) to (3). Section 45. Sections 84 and 85. Section 87. In Schedule 13, paragraph 26. Schedule 23.
Capital Allowances Act 2001 (c. 2)	Section 106(4). Section 108(4). Section 112(5). Section 115(3). Section 122(3). Section 125(5). In Schedule 2, paragraph 86. In Schedule 3, paragraph 114.
Finance Act 2001 (c. 9)	Section 71(1) and (2). Section 73(2)(a) and (3). In Schedule 21, paragraph 4(1). Part 1 of Schedule 24. In Schedule 28— (a) paragraph 11(5) and (6), (b) paragraphs 13 to 15, and (c) paragraph 17(3).
Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/ 3629)	Articles 19 to 21, 48 and 91.
Finance Act 2002 (c. 23)	In section 103(4)(f), the words “, and in Schedule 23, paragraphs 2(1), 3(1) and (3) and 5”. Section 104. In Schedule 16, in paragraph 27(2), the words “under Case VI of Schedule D”. In Schedule 22— (a) paragraph 9(3), (b) paragraphs 11 and 12, (c) paragraph 13(3), (4) and (6), (d) paragraph 14, and (e) in paragraph 17, sub-paragraph (2)(a) and, in sub-paragraph (3), the words “9ZA or” and “personal, trustee or”. In Schedule 27, paragraphs 3(1), 4(1) and 14.
Income Tax (Earnings and Pensions) Act 2003 (c. 1)	In section 399(1)(b), the words “under Case VI of Schedule D”. Section 493(1), (2) and (4).

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	In section 515—
	(a) subsection (1)(a), and
	(b) in subsection (2), the word “and” at the end of paragraph (a).
	In Schedule 3, paragraph 24(2).
	In Schedule 6, paragraphs 9, 10, 34, 40, 44, 47(3), 49, 53, 54, 56, 57, 65, 66, 87(3) and 120.
Finance Act 2003 (c. 14)	Section 151(2)(b).
	In section 153(1)(a), the word “547(6A)”.
	Sections 175 and 176.
	In Schedule 24, in paragraph 9(1), the definition of “for tax purposes”.
	In Schedule 34—
	(a) paragraph 7(2), (4), (5), (6), (7), (8), (9), (10), (11) and (12),
	(b) paragraph 9(2),
	(c) paragraph 10, and
	(d) paragraphs 12 and 13.
	In Schedule 35, paragraphs 2 and 3.
	Schedule 36.
	In Schedule 39, paragraphs 1 to 4, 5(1) to (3) and 6.
Courts Act 2003 (c. 39)	Section 100(2) and (3).
Finance Act 2004 (c. 12)	Sections 97 to 100.
	Sections 103 and 104.
	Section 105(4) and (5).
	Section 106.
	Section 138.
	Section 140.
	Section 143.
	Section 147(3), (5) and (6).
	In section 280(1), the word “and” before the definition of “ITEPA 2003”.
	In Schedule 4, paragraphs 1 and 3.
	In Schedule 17, paragraph 10(1).
	In Schedule 19, paragraph 2.
	In Schedule 24, paragraph 1(3).
	In Schedule 35, paragraphs 5, 24, 28 and 51.
Pensions Act 2004 (c. 35)	In Schedule 3, in the second column, in the entry relating to the Commissioners of Inland Revenue or their officers, the word “or” before paragraph (e).
	In Schedule 8, in the second column, in the entry relating to the Commissioners of Inland Revenue or their officers, the word “or” before paragraph (e).

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SCHEDULE 4 **U.K.**

Section 885

ABBREVIATIONS AND DEFINED EXPRESSIONS

PART 1 **U.K.**

ABBREVIATIONS OF ACTS

[^{F201} FA followed by a year	The Finance Act of that year
F(No.2)A followed by a year	The Finance (No.2) Act of that year.]
F202	F202
...	...
F202	F202
...	...
F202	F202
...	...
F202	F202
...	...
TMA 1970	The Taxes Management Act 1970 (c. 9)
F202	F202
...	...
IHTA 1984	The Inheritance Tax Act 1984 (c. 51)
ICTA	The Income and Corporation Taxes Act 1988 (c. 1)
F202	F202
...	...
F202	F202
...	...
F202	F202
...	...
TCGA 1992	The Taxation of Chargeable Gains Act 1992 (c. 12)
F202	F202
...	...
F202	F202
...	...
F202	F202
...	...
VATA 1994	The Value Added Tax Act 1994 (c. 23)
F202	F202

Status: Point in time view as at 21/07/2009.

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...	...
F202	F202
...	...
F202	F202
...	...
F202	F202
...	...
FISMA 2000	The Financial Services and Markets Act 2000 (c. 8)
F202	F202
...	...
CAA 2001	The Capital Allowances Act 2001 (c. 2)
F202	F202
...	...
F202	F202
...	...
ITEPA 2003	The Income Tax (Earnings and Pensions) Act 2003 (c. 1)
F202	F202
...	...
[^{F203} ITA 2007	The Income Tax Act 2007]
[^{F204} CTA 2009	The Corporation Tax Act 2009]

Textual Amendments

F201 Words in Sch. 4 Pt. 1 inserted (21.7.2009) by [Finance Act 2009 \(c. 10\), s. 126\(3\)](#)

F202 Words in Sch. 4 Pt. 1 omitted (21.7.2009) by [Finance Act 2009 \(c. 10\), s. 126\(4\)](#)

F203 Words in Sch. 4 Pt. 1 inserted (6.4.2007 with effect as stated in [s. 1034\(1\)](#) of the amending Act) by [Income Tax Act 2007 \(c. 3\), ss. 1027, 1034, Sch. 1 para. 591](#) (with transitional provisions and savings in [Sch. 2](#))

F204 Words in Sch. 4 Pt. 1 inserted (with effect in accordance with [s. 1329\(1\)](#) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 647\(2\)](#) (with [Sch. 2 Pts. 1, 2](#))

PART 2 U.K.

INDEX OF EXPRESSIONS DEFINED IN THIS ACT ETC.

absolute interest (for the purposes of Chapter 6 of Part 5)	section 650(1)
accounting date (in Chapter 15 of Part 2)	section 197
accounting period	[^{F205} section] 834(1) of ICTA [^{F206} and Chapter 2 of Part 2 of CTA 2009]

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acquisition expenditure (in Chapter 9 of Part 2)	section 130(3)
[^{F207} additional rate	section 6(2) of ITA 2007 (as applied by section 989 of that Act)]
adjustment expense (in Chapter 17 of Part 2)	section 228(3)
adjustment expense (in Chapter 7 of Part 3)	section 330(3)
adjustment income (in Chapter 17 of Part 2)	section 228(2)
adjustment income (in Chapter 7 of Part 3)	section 330(2)
the administration period (in Chapter 6 of Part 5)	section 653(1)
the aggregate income of the estate (for the purposes of Chapter 6 of Part 5)	section 664(1)
the amount of premiums paid (in Chapter 9 of Part 4)	section 545(3)
animal (in Chapter 8 of Part 2)	section 112(1)
animal being added to a herd (in Chapter 8 of Part 2)	section 112(6)
animals in a herd or part of a herd (for the purposes of Chapter 8 of Part 2)	section 112(3) to (5)
assignment (in the application of the Act to Scotland)	[^{F208} section 1008(1) of ITA 2007]
assignment (of part or share in rights under a policy or contract) (in Chapter 9 of Part 4)	section 505(2)
assignment (of whole of rights under a policy or contract) (in Chapter 9 of Part 4)	section 505(2)
assumed income entitlement (for the purposes of Chapter 6 of Part 5)	section 665(2), (3)
authorised unit trust	[^{F209} section 989 of ITA 2007]
averaging claim (in Chapter 16 of Part 2)	section 221(1)
bank arrangement (in Chapter 4 of Part 6)	section 704(4)(a)
the basic amount (in relation to estate income) (in Chapter 6 of Part 5)	section 656(4)
basic rate	[^{F210} section 6(2) of ITA 2007 (as applied by section 989 of that Act)]
basic relieving amount by reference to a taxed receipt (in Chapter 4 of Part 3)	sections 288(4), 289(2), (4)
F211	F211
.....
body of persons	[^{F212} section 989 of ITA 2007]
building society	[^{F213} section 989 of ITA 2007]

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building society arrangement (in Chapter 4 of Part 6)	section 704(5)(a)
calculation event (in Chapter 9 of Part 4)	section 491(4)
capital allowance	[^{F214} section 989 of ITA 2007]
capital cost of patent rights (in Chapter 2 of Part 5)	section 588(4)
capital redemption policy (in Chapter 9 of Part 4)	section 473(2)
capital sums (in Chapter 2 of Part 5)	section 608
capital sums included in the proceeds of sale (in relation to the exchange of property) (in Chapter 2 of Part 5)	section 605(5)
caravan	section 875
certified master version (in Chapter 9 of Part 2)	section 132(3)
certified SAYE savings arrangement (in Chapter 4 of Part 6)	section 703(1)
chargeable event (in Chapter 9 of Part 4)	section 484
^{F215}	^{F215}
.....
charitable trust (in Chapter 9 of Part 4)	section 545(1)
charity	[^{F216} section 989 of ITA 2007]
^{F217}	^{F217}
.....
claim	section 878(3)
close company	sections 414 and 415 of ICTA
commercial letting of furnished holiday accommodation (for purposes of Chapter 6 of Part 3)	sections 323 to 326
company	[^{F218} section 992 of ITA 2007]
company (for all purposes in the Income Tax Acts)	section 863(2)(c)
connected (in the context of “connected person” or one person being “connected” with another)	[^{F219} section 993 of ITA 2007](see section 878(5) of this Act)
consideration received for disposal of know-how (for purposes of Chapter 14 of Part 2)	section 192(3), (4)
contract of insurance (in Chapter 9 of Part 4)	section 545(1)
control	[^{F221} section 995 of ITA 2007](see section 878(6) of this Act)
^{F220}	

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. . .

[^{F222} conversion of an interest-bearing corporate security into corporate strips of the security (for the purposes of Chapter 8 of Part 4)	sections 452C and 452D]
[^{F223} corporate strip (for the purposes of Chapter 8 of Part 4)	section 452E]
corporation tax receipt (in Chapter 4 of Part 3)	section 296(1)
coupons (in Chapter 13 of Part 4)	section 571(3)
deeply discounted security (for the purposes of Chapter 8 of Part 4)	sections 430 to 443(1)
deposit rights (in Chapter 11 of Part 4)	section 552
discretionary interest (for the purposes of Chapter 6 of Part 5)	section 650(3)
disposal of a deeply discounted security (in Chapter 8 of Part 4)	section 437(1)
distribution	[^{F224} section 989 of ITA 2007]
[^{F225} the dividend additional rate	section 8(3) of ITA 2007 (as applied by section 989 of that Act)]
the dividend ordinary rate	[^{F226} section 8(1) of ITA 2007 (as applied by section 989 of that Act)]
the dividend trust rate	[^{F227} section 9(2) of ITA 2007 (as applied by section 989 of that Act)]
the dividend upper rate	[^{F228} section 8(2) of ITA 2007 (as applied by section 989 of that Act)]
dividends (in Chapter 3 of Part 4)	section 382(4)
dividends (in Chapter 4 of Part 4)	section 402(4)
election	section 878(3)
employment income	section 7(2) of ITEPA 2003
estate (in Chapter 6 of Part 5)	section 649(2)
estate income (in Chapter 6 of Part 5)	section 649(2)
estate in land (in relation to any land in Scotland)	[^{F229} section 1008(1) of ITA 2007]
European authorised institution (in Chapter 4 of Part 6)	section 704(6)
European authorised institution arrangement (in Chapter 4 of Part 6)	section 704(6)
excess event (in Chapter 9 of Part 4)	section 491(4)

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excluded indexed security (in Chapter 8 of Part 4)	section 433(1)
the exemption condition (in Chapter 6 of Part 6)	section 713(3)
farmers (in Chapter 8 of Part 2)	section 111(3)
farming	[^{F230} section 996 of ITA 2007]
film (in Chapter 9 of Part 2)	section 131
final insurance year (in Chapter 9 of Part 4)	section 499(4), (5)
the final tax year (in Chapter 6 of Part 5)	section 653(3)
firm	sections 847(1) and 863
firm (for all purposes in the Income Tax Acts)	section 863(2)(a)
for accounting purposes	[^{F231} section 997 of ITA 2007]
foreign capital redemption policy (in Chapter 9 of Part 4)	section 476(3)
foreign estate (in Chapter 6 of Part 5)	section 651(1)
foreign holdings (in Chapter 13 of Part 4)	section 571(1)
foreign institution (in Chapter 9 of Part 4)	section 468(5)
foreign policy of life insurance (in Chapter 9 of Part 4)	section 476(3)
forestry	[^{F232} section 996(3) of ITA 2007]
foster-care receipts (in Chapter 2 of Part 7)	section 805
foster-care relief (in Chapter 2 of Part 7)	section 803(1)
FOTRA security (in Chapter 6 of Part 6)	section 713(2)
friendly society (in Chapter 9 of Part 4)	section 545(1)
future (in Chapter 12 of Part 4)	section 558(1)
generally accepted accounting practice	[^{F233} section 997 of ITA 2007]
generating income from land (in Chapter 3 of Part 3)	sections 266 and 267
gilt-edged security	section 153(1)
grossing up	[^{F234} section 998 of ITA 2007]
group life policy (in Chapter 9 of Part 4)	section 480(2)
herd (in Chapter 8 of Part 2)	section 112(1)
herd basis election (in Chapter 8 of Part 2)	section 111(1)
herd basis rules (in Chapter 8 of Part 2)	section 111(2)
higher rate	[^{F235} section 6(2) of ITA 2007 (as applied by section 989 of that Act)]

Status: Point in time view as at 21/07/2009.

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houseboat	section 878(1)
income	section 878(1)
income arising under a settlement (in Chapter 5 of Part 5)	section 648
income arising under the settlement (in relation to a settlor) (in Chapter 5 of Part 5)	section 644(3)(b)
income period (in Chapter 2 of Part 7)	section 805(2) and (3)
individual's limit (in Chapter 1 of Part 7)	section 789
individual's limit (in Chapter 2 of Part 7)	section 808
F236	F236
.....
institutional arrangement (in Chapter 4 of Part 6)	section 704(3)
insurance company (in Chapter 9 of Part 4)	section 545(1)
insurance year (in Chapter 9 of Part 4)	section 499(1), (3), (5)
F237	F237
.....
interest (in Chapter 4 of Part 6)	section 702(4)
international accounting standards	[^{F238} section 997 of ITA 2007]
[^{F239} interest-bearing corporate security (for the purposes of Chapter 8 of Part 4)	section 452B]
investment plan regulations (in Chapter 3 of Part 6)	section 694(2)
F240	F240
.....
keeping a production herd (in Chapter 8 of Part 2)	section 111(4)
know-how (in Chapter 14 of Part 2)	section 192(1), (2)
know-how (in Chapter 2 of Part 5)	section 583(4), (5)
lease (in Part 3)	section 364(1)
letting (in Chapter 1 of Part 7)	section 802
life annuity (in Chapter 9 of Part 4)	section 473(2)
limited interest (for the purposes of Chapter 6 of Part 5)	section 650(2)
linked savings arrangement (in Chapter 4 of Part 6)	section 703(2)
local authority	[^{F241} section 999 of ITA 2007]
F242	F242

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.....
market gardening	[^{F243} section 996(5) of ITA 2007]
market value (in Chapter 8 of Part 4)	section 460(3)
market value (in Chapter 9 of Part 4)	section 545(1)
mature (in relation to female animals) (for the purposes of Chapter 8 of Part 2)	section 113(5)
members of a company (for all purposes in the Tax Acts)	section 863(2)(d)
members of a firm (for all purposes in the Income Tax Acts)	section 863(2)(b)
mineral lease or agreement (in Chapter 8 of Part 3)	section 341(1)
mineral royalties (in Chapter 8 of Part 3)	sections 341(2), 342, 343
mortgage (in the application of the Act to Scotland)	section 879(1)
national savings arrangement (in Chapter 4 of Part 6)	section 704(2)
non-charitable trust (in Chapter 9 of Part 4)	section 545(1)
non-trade business (in Chapter 3 of Part 5)	section 609(1)
non-UK resident (and references to a non-UK resident or a non-UK resident person)	[^{F244} section 989 of ITA 2007]
normal self-assessment filing date	[^{F245} section 989 of ITA 2007]
notice	[^{F246} section 989 of ITA 2007]
oil and gas exploration and appraisal	[^{F247} section 1003 of ITA 2007]
option (in Chapter 12 of Part 4)	section 558(2)
ordinary share capital	[^{F248} section 989 of ITA 2007]
original master version (in Chapter 9 of Part 2)	section 132(1), (2)
overlap period (in Chapter 15 of Part 2)	section 204
overlap profit (in Chapter 15 of Part 2)	section 204
overseas life assurance business (in Chapter 9 of Part 4)	section 476(3)
overseas property business	Chapter 2 of Part 3
overseas property income (in Chapter 11 of Part 3)	section 358
part surrender or assignment event (in Chapter 9 of Part 4)	section 491(4)
patent rights (in Chapter 2 of Part 5)	section 587(4)

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period of account	[^{F249} section 989 of ITA 2007]
permanent establishment	[^{F250} section 148 of FA 2003 (as applied by section 989 of ITA 2007)]
F251	F251
.
person creating trusts (for the purposes of Chapter 9 of Part 4)	section 465(6)
personal portfolio bond (in Chapter 9 of Part 4)	sections 516, 517
personal portfolio bond event (in Chapter 9 of Part 4)	section 491(4)
personal representatives	[^{F252} section 989 of ITA 2007]
plan managers (in Chapter 3 of Part 6)	section 696(2)
policy (in Chapter 9 of Part 4)	section 545(1)
post-cessation receipt (in Part 2)	sections 246 and 247
post-cessation receipt (in Chapter 10 of Part 3)	sections 353 and 354
preliminary expenditure (in Chapter 9 of Part 2)	section 130(6)
premises (in Part 3)	section 364(2)
premium (in Chapter 4 of Part 3)	section 307(1), (3)
premium (in Chapter 9 of Part 4)	section 545(2)
the price (in relation to the exchange of know-how) (in Chapter 14 of Part 2)	section 192(6)
the price (in relation to the exchange of property) (in Chapter 2 of Part 5)	section 605(4)
proceeds of sale (in relation to the exchange of know-how) (in Chapter 14 of Part 2)	section 192(6)
proceeds of sale (in relation to the exchange of property) (in Chapter 2 of Part 5)	section 605(4)
production expenditure (in Chapter 9 of Part 2)	section 130(2)
production herd (in Chapter 8 of Part 2)	section 112(1), (2)
production herd (of the same class) (for the purposes of Chapter 8 of Part 2)	section 113(2)
profits from a trade, profession or vocation (for the purposes of Chapter 16 of Part 2)	section 221(4), (5)
profits or gains	[^{F253} section 989 of ITA 2007]
any prohibitive rule (in Chapter 9 of Part 2)	section 130(7)

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property business	section 263(6)
property comprised in a settlement (in relation to a settlor) (in Chapter 5 of Part 5)	section 644(3)(a)
property or rights held on trust or on trusts (in the application of the Act to Scotland)	[^{F254} section 1008(2) of ITA 2007]
provider (in relation to a bank arrangement) (in Chapter 4 of Part 6)	section 704(4)(b)
provider (in relation to a building society arrangement) (in Chapter 4 of Part 6)	section 704(5)(b)
provider (in relation to a European authorised institution arrangement) (in Chapter 4 of Part 6)	section 704(6)
provides foster care (and related expressions) (in Chapter 2 of Part 7)	section 806
public body (in Chapter 2 of Part 5)	section 603(2)
purchased life annuity (in Chapter 7 of Part 4)	section 423
qualifying distribution	[^{F255} section 989 of ITA 2007]
qualifying policy	[^{F256} section 989 of ITA 2007]
qualifying trade, profession or vocation (in Chapter 16 of Part 2)	section 221(2)
^{F257}	^{F257}
.....
receipt period (of a receipt) (for the purposes of Chapter 4 of Part 3)	sections 288(6), 296(3)
receipts and expenses (in the context of the calculation of the profits of a trade, profession or vocation or of a property business) (in the Income Tax Acts)	section 27 (including as applied by section 272)
recognised futures exchange	section 558(3)
recognised stock exchange	[^{F258} section 1005 of ITA 2007]
reduction under section 288 by reference to a taxed receipt (in Chapter 4 of Part 3)	section 290(6)
reduction under section 37(2) or (3) of ICTA by reference to an amount chargeable on the superior interest (in Chapter 4 of Part 3)	section 297(2)
registered pension scheme	[^{F259} section 150(2) of FA 2004 (as applied by section 989 of ITA 2007)]
related (in relation to a policy) (in Chapter 9 of Part 4)	section 491(6)
related transactions (in Chapter 12 of Part 4)	section 566

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relevant allowance (in Chapter 1 of Part 7)	section 802
relevant balancing charge (in Chapter 1 of Part 7)	section 802
relevant foreign income	section 830
relevant period (in Chapter 9 of Part 2)	section 133
the relevant profits (in Chapter 16 of Part 2)	section 221(1), (4), (5)
relevant telecommunication right (in Chapter 10 of Part 2)	section 146
rent receivable for a UK electric-line wayleave (in Chapter 9 of Part 3)	section 345
rent receivable in connection with a UK section 12(4) concern (in Chapter 8 of Part 3)	section 336
rent (in Chapter 8 of Part 3)	section 336(3)
rent (in Chapter 9 of Part 3)	section 345(3)
rent-a-room receipts (in Chapter 1 of Part 7)	section 786
rent-a-room relief (in Chapter 1 of Part 7)	section 784
residence (in Chapter 1 of Part 7)	section 787
the residuary income of the estate (for the purposes of Chapter 6 of Part 5)	section 666(1)
retail prices index	[^{F260} section 989 of ITA 2007]
return from one or more disposals (in Chapter 12 of Part 4)	section 561(1)
reversion (in the application of Chapter 4 of Part 3 to Scotland)	section 307(3)
sale of an animal (for the purposes of Chapter 8 of Part 2)	section 113(3)
sale of know-how (for purposes of Chapter 14 of Part 2)	sections 192(5)
sale of property (in Chapter 2 of Part 5)	sections 605(1), 606(1)
sale or transfer of trading stock (in Chapter 12 of Part 2)	section 174(3)
sale proceeds of an animal (for the purposes of Chapter 8 of Part 2)	section 113(4)
F261	F261
...	...
F262	F262
...	...
settlement (in Chapter 5 of Part 5)	section 620
settlor (in Chapter 5 of Part 5)	section 620(1)

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settlor (for the purposes of Chapter 9 of Part 4)	section 465(6)
share (in Chapter 8 of Part 4)	section 460(1)
share of residuary income of estate (for the purposes of Chapter 6 of Part 5)	section 667
short-term lease (in Chapter 4 of Part 3)	section 276(6)
[^{F263} starting rate for savings	section 7 of ITA 2007 (as applied by section 989 of that Act)
starting rate limit for savings	section 12 of ITA 2007 (as applied by section 989 of that Act)]
statutory insolvency arrangement (in Part 2)	section 259
[^{F264} stepchild	[^{F265} section 246 of the Civil Partnership Act 2004 (as applied by section 989 of ITA 2007)]]
stock dividend income (in Chapter 5 of Part 4)	section 409(2)
strip (in Chapter 8 of Part 4)	section 444
substantial part of a herd (for purposes of Chapter 8 of Part 2)	section 113(6)
surrender (in the application of the Act to Scotland)	[^{F266} section 1008(1) of ITA 2007]
tax advantage (in Chapter 8 of Part 4)	section 460(2)
tax year	[^{F267} section 4(2) of ITA 2007 (as applied by section 989 of that Act)]
the tax year 2005-06 etc.	[^{F268} section 4(4) of ITA 2007 (as applied by section 989 of that Act)]
taxed lease (in Chapter 4 of Part 3)	section 287(4)
taxed receipt (in Chapter 4 of Part 3)	section 287(4)
taxpayer (in Chapter 16 of Part 2)	section 221(1)
total income	[^{F269} section 23 of ITA 2007 (as applied by section 989 of that Act)]
total foster-care receipts (in Chapter 2 of Part 7)	section 807
total rent-a-room amount (in Chapter 1 of Part 7)	section 788
trade	[^{F270} section 989 of ITA 2007]
[^{F271} trading stock (in relation to a trade) (in Chapter 11A of Part 2)	section 172A]
trading stock (in relation to a trade) (in Chapter 12 of Part 2)	section 174

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transfer of work in progress (in Chapter 12 of Part 2)	section 183(2)
[^{F272} trust rate	section 9(1) of ITA 2007 (as applied by section 989 of that Act)]
trusts an individual created (for the purposes of Chapter 9 of Part 4)	section 465(6)
UK estate (in Chapter 6 of Part 5)	section 651(1)
UK property business	Chapter 2 of Part 3
UK resident (and references to a UK resident or a UK resident person)	[^{F273} section 989 of ITA 2007]
Ulster Savings Certificates	section 693(7)
unit holder	[^{F274} section 989 of ITA 2007]
unit trust scheme	[^{F275} section 1007 of ITA 2007]
United Kingdom	[^{F276} section 1013 of ITA 2007]
unreduced amount (of a taxed receipt) (in Chapter 4 of Part 3)	sections 290(2) to (4), 296(4) to (6)
unused amount (of a taxed receipt) (for the purposes of Chapter 4 of Part 3)	section 290(1), (5)
venture capital trust	[^{F277} section 989 of ITA 2007]
within the charge to tax	[^{F278} section 1009 of ITA 2007]
woodlands	[^{F279} section 996(4) of ITA 2007]
work in progress (in Chapter 12 of Part 2)	section 183(1)

Textual Amendments

- F205** Word in Sch. 4 Pt. 2 substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 647(3)(a)(i)** (with Sch. 2 Pts. 1, 2)
- F206** Words in Sch. 4 Pt. 2 inserted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 647(3)(a)(ii)** (with Sch. 2 Pts. 1, 2)
- F207** Words in Sch. 4 Pt. 2 inserted (with effect in accordance with Sch. 2 para. 25 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 2 para. 23(2)**
- F208** Sch. 4 Pt. 2 Table: words in entry relating to "assignment (in the application of the Act to Scotland)" substituted (with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1027, 1034, **Sch. 1 para. 592(2)** (with transitional provisions and savings in Sch. 2)
- F209** Sch. 4 Pt. 2 Table: words in entry relating to "authorised unit trust" substituted (with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1027, 1034, **Sch. 1 para. 592(3)** (with transitional provisions and savings in Sch. 2)
- F210** Sch. 4 Pt. 2 Table: words in entry relating to "basic rate" substituted (with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1027, 1034, **Sch. 1 para. 592(4)** (with transitional provisions and savings in Sch. 2)
- F211** Sch. 4 Pt. 2 Table: entry relating to "the Board of Inland Revenue" repealed (18.4.2005) by Commissioners for Revenue and Customs Act 2005 (c. 11), ss. 50, 52, 53(1), Sch. 4 para. 134(2), **Sch. 5**

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- F212** Sch. 4 Pt. 2 Table: words in entry relating to "body of persons" substituted (with effect as stated in s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3)**, ss. 1027, 1034, **Sch. 1 para. 592(5)** (with transitional provisions and savings in **Sch. 2**)
- F213** Sch. 4 Pt. 2 Table: words in entry relating to "building society" substituted (with effect as stated in s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3)**, ss. 1027, 1034, **Sch. 1 para. 592(6)** (with transitional provisions and savings in **Sch. 2**)
- F214** Sch. 4 Pt. 2 Table: words in entry relating to "capital allowance" substituted (with effect as stated in s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3)**, ss. 1027, 1034, **Sch. 1 para. 592(7)** (with transitional provisions and savings in **Sch. 2**)
- F215** Sch. 4 Pt. 2 Table: entry relating to "chargeable period" repealed (with effect as stated in s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3)**, ss. 1027, 1031, 1034, **Sch. 1 para. 592(8)**, **Sch. 3 Pt. 1** (with transitional provisions and savings in **Sch. 2**)
- F216** Sch. 4 Pt. 2 Table: words in entry relating to "charity" substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3)**, ss. 1027, 1034, **Sch. 1 para. 592(9)** (with transitional provisions and savings in **Sch. 2**)
- F217** Sch. 4 Pt. 2 Table: entry relating to "child" repealed (with effect as stated in s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3)**, ss. 1027, 1031, 1034, **Sch. 1 para. 592(10)**, **Sch. 3 Pt. 1** (with transitional provisions and savings in **Sch. 2**)
- F218** Sch. 4 Pt. 2 Table: words in entry relating to "company" substituted (with effect as stated in s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3)**, ss. 1027, 1034, **Sch. 1 para. 592(11)** (with transitional provisions and savings in **Sch. 2**)
- F219** Sch. 4 Pt. 2 Table: words in entry relating to "connected" substituted (with effect as stated in s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3)**, ss. 1027, 1034, **Sch. 1 para. 592(12)** (with transitional provisions and savings in **Sch. 2**)
- F220** Sch. 4 Pt. 2 Table: words in entry relating to "control" repealed (with effect as stated in s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3)**, ss. 1027, 1031, 1034, **Sch. 1 para. 592(13)(a)**, **Sch. 3 Pt. 1** (with transitional provisions and savings in **Sch. 2**)
- F221** Sch. 4 Pt. 2 Table: words in entry relating to "control" substituted (with effect as stated in s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3)**, ss. 1027, 1034, **Sch. 1 para. 592(13)(b)** (with transitional provisions and savings in **Sch. 2**)
- F222** Sch. 4 Pt. 2 Table: entry relating to ss. 452C and 452D inserted (retrospectively) by **Finance (No. 2) Act 2005 (c. 22)**, s. 39, **Sch. 7 para. 25(9)(10)**
- F223** Sch. 4 Pt. 2 Table: entry relating to s. 452E inserted (retrospectively) by **Finance (No. 2) Act 2005 (c. 22)**, s. 39, **Sch. 7 para. 25(9)(10)**
- F224** Sch. 4 Pt. 2 Table: words in entry relating to "distribution" substituted (with effect as stated in s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3)**, ss. 1027, 1034, **Sch. 1 para. 592(14)** (with transitional provisions and savings in **Sch. 2**)
- F225** Words in Sch. 4 Pt. 2 inserted (with effect in accordance with Sch. 2 para. 25 of the amending Act) by **Finance Act 2009 (c. 10)**, **Sch. 2 para. 23(3)**
- F226** Sch. 4 Pt. 2 Table: words in entry relating to "the dividend ordinary rate" substituted (with effect as stated in s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3)**, ss. 1027, 1034, **Sch. 1 para. 592(15)** (with transitional provisions and savings in **Sch. 2**)
- F227** Sch. 4 Pt. 2 Table: words in entry relating to "the dividend trust rate" substituted (with effect as stated in s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3)**, ss. 1027, 1034, **Sch. 1 para. 592(16)** (with transitional provisions and savings in **Sch. 2**)
- F228** Sch. 4 Pt. 2 Table: words in entry relating to "the dividend upper rate" substituted (with effect as stated in s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3)**, ss. 1027, 1034, **Sch. 1 para. 592(17)** (with transitional provisions and savings in **Sch. 2**)
- F229** Sch. 4 Pt. 2 Table: words in entry relating to "estate in land (in relation to any land in Scotland)" substituted (with effect as stated in s. 1034(1) of the amending Act) by **Income Tax Act 2007 (c. 3)**, ss. 1027, 1034, **Sch. 1 para. 592(18)** (with transitional provisions and savings in **Sch. 2**)

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- F230** Sch. 4 Pt. 2 Table: words in entry relating to "farming" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(19\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F231** Sch. 4 Pt. 2 Table: words in entry relating to "for accounting purposes" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(20\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F232** Sch. 4 Pt. 2 Table: words in entry relating to "forestry" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(21\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F233** Sch. 4 Pt. 2 Table: words in entry relating to "generally accepted accounting practice" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(22\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F234** Sch. 4 Pt. 2 Table: words in entry relating to "grossing up" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(23\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F235** Sch. 4 Pt. 2 Table: words in entry relating to "higher rate" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(24\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F236** Sch. 4 Pt. 2 Table: entry relating to "the Inland Revenue" repealed (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), ss. 50, 52, 53(1), [Sch. 4 para. 134\(2\)](#), [Sch. 5](#)
- F237** Sch. 4 Pt. 2 Table: entry relating to "interest" repealed (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1031, 1034, [Sch. 1 para. 592\(25\)](#), [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))
- F238** Sch. 4 Pt. 2 Table: words in entry relating to "international accounting standards" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(26\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F239** Sch. 4 Pt. 2 Table: entry relating to s. 452B inserted (retrospectively) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. 39, [Sch. 7 para. 25\(9\)\(10\)](#)
- F240** Sch. 4 Pt. 2 Table: entry relating to "investment trust" repealed (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1031, 1034, [Sch. 1 para. 592\(27\)](#), [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))
- F241** Sch. 4 Pt. 2 Table: words in entry relating to "local authority" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(28\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F242** Sch. 4 Pt. 2 Table: entry relating to "lower rate" repealed (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1031, 1034, [Sch. 1 para. 592\(29\)](#), [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))
- F243** Sch. 4 Pt. 2 Table: words in entry relating to "market gardening" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(30\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F244** Sch. 4 Pt. 2 Table: words in entry relating to "non-UK resident" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(31\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F245** Sch. 4 Pt. 2 Table: words in entry relating to "normal self-assessment filing date" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(32\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F246** Sch. 4 Pt. 2 Table: words in entry relating to "notice" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(33\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F247** Sch. 4 Pt. 2 Table: words in entry relating to "oil and gas exploration and appraisal" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(34\)](#) (with transitional provisions and savings in [Sch. 2](#))

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- F248** Sch. 4 Pt. 2 Table: words in entry relating to "ordinary share capital" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(35\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F249** Sch. 4 Pt. 2 Table: words in entry relating to "period of account" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(36\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F250** Sch. 4 Pt. 2 Table: words in entry relating to "permanent establishment" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(37\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F251** Sch. 4 Pt. 2 entry 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. 73](#)
- F252** Sch. 4 Pt. 2 Table: words in entry relating to "personal representatives" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(38\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F253** Sch. 4 Pt. 2 Table: words in entry relating to "profits or gains" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(39\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F254** Sch. 4 Pt. 2 Table: words in entry relating to "property or rights held on trust or on trusts (in the application of the Act to Scotland)" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(40\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F255** Sch. 4 Pt. 2 Table: words in entry relating to "qualifying distribution" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(41\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F256** Sch. 4 Pt. 2 Table: words in entry relating to "qualifying policy" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(42\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F257** Sch. 4 Pt. 2 Table: entry relating to "the rate applicable to trusts" repealed (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1031, 1034, [Sch. 1 para. 592\(43\)](#), [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))
- F258** Sch. 4 Pt. 2 Table: words in entry relating to "recognised stock exchange" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(44\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F259** Sch. 4 Pt. 2 Table: words in entry relating to "registered pension scheme" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(45\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F260** Sch. 4 Pt. 2 Table: words in entry relating to "retail prices index" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(46\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F261** Sch. 4 entry omitted (with effect in accordance with Sch. 1 para. 65 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 63\(3\)](#)
- F262** Sch. 4 Pt. 2 entry repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 647\(3\)\(b\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))
- F263** Sch. 4 entry substituted (with effect in accordance with Sch. 1 para. 65 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 63\(2\)](#)
- F264** Sch. 4 Pt. 2 Table: entry relating to "stepchild" inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, [200](#)
- F265** Sch. 4 Pt. 2 Table: words in entry relating to "stepchild" substituted (with effect as stated in s. 1034(1) of the amending Act), by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(50\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F266** Sch. 4 Pt. 2 Table: words in entry relating to "surrender (in the application of the Act to Scotland)" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(51\)](#) (with transitional provisions and savings in [Sch. 2](#))

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- F267** Sch. 4 Pt. 2 Table: words in entry relating to "tax year" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(52\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F268** Sch. 4 Pt. 2 Table: words in entry relating to "the tax year 2005-06 etc" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(53\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F269** Sch. 4 Pt. 2 Table: words in entry relating to "total income" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(54\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F270** Sch. 4 Pt. 2 Table: words in entry relating to "trade" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(55\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F271** Words in Sch. 4 Pt. 2 inserted (with effect in accordance with s. 37(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 15 para. 4](#)
- F272** Sch. 4 Pt. 2 Table: entry relating to "trust rate" inserted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(56\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F273** Sch. 4 Pt. 2 Table: words in entry relating to "UK resident" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(57\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F274** Sch. 4 Pt. 2 Table: words in entry relating to "unit holder" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(58\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F275** Sch. 4 Pt. 2 Table: words in entry relating to "unit trust scheme" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(59\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F276** Sch. 4 Pt. 2 Table: words in entry relating to "United Kingdom" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(60\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F277** Sch. 4 Pt. 2 Table: words in entry relating to "venture capital trust" substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(61\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F278** Sch. 4 Pt. 2 Table: words in entry relating to "within the charge to tax" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(62\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F279** Sch. 4 Pt. 2 Table: words in entry relating to "woodlands" substituted (with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 592\(63\)](#) (with transitional provisions and savings in [Sch. 2](#))

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