



# Income Tax (Trading and Other Income) Act 2005

## 2005 CHAPTER 5

### PART 3

#### PROPERTY INCOME

#### CHAPTER 4

##### PROFITS OF PROPERTY BUSINESSES: LEASE PREMIUMS ETC.

##### *Other amounts treated as receipts*

#### **286 Provisions supplementary to sections 284 and 285**

- (1) This section operates for the purposes of sections 284 (sales with right to reconveyance) and 285 (sale and leaseback transactions).
- (2) Subsection (3) explains how to determine for the purposes of section 284 the price at which an estate or interest is to be reconveyed when—
  - (a) the date on which the estate or interest would fall to be reconveyed is not fixed under the terms of the sale, and
  - (b) the price at which it is to be reconveyed varies with the date.
- (3) The price is taken to be the lowest possible under the terms of the sale.
- (4) Subsection (5) explains how to determine for the purposes of section 285 the total of—
  - (a) the amount of any premium for the lease, and
  - (b) the value on the date of the sale of the right to receive a conveyance of the reversion immediately after the lease begins to run,when the date for the grant of the lease is not fixed under the terms of the sale and the total varies with the date.

---

**Changes to legislation:** *There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 286. (See end of Document for details)*

---

- (5) The total is taken to be the lowest possible under the terms of the sale.
- (6) For the purposes of sections 284(3) and 285(4) (receipts of property business for tax year in which estate or interest sold) an estate or interest in land is sold when any of the following occurs—
  - (a) an unconditional contract for its sale is entered into,
  - (b) a conditional contract for its sale becomes unconditional, or
  - (c) an option or right of pre-emption is exercised requiring the seller to enter into an unconditional contract for its sale.

**Changes to legislation:**

There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 286.