



# Income Tax (Trading and Other Income) Act 2005

## 2005 CHAPTER 5

### PART 5

#### MISCELLANEOUS INCOME

#### CHAPTER 5

#### SETTLEMENTS: AMOUNTS TREATED AS INCOME OF SETTLOR [F<sup>1</sup>OR FAMILY]

#### *Charge to tax under Chapter 5*

#### **620 Meaning of “settlement” and “settlor”**

(1) In this Chapter—

“settlement” includes any disposition, trust, covenant, agreement, arrangement or transfer of assets (except that it does not include a charitable loan arrangement), and

“settlor”, in relation to a settlement, means any person by whom the settlement was made.

(2) A person is treated for the purposes of this Chapter as having made a settlement if the person has made or entered into the settlement directly or indirectly.

(3) A person is, in particular, treated as having made a settlement if the person—

- (a) has provided funds directly or indirectly for the purpose of the settlement,
- (b) has undertaken to provide funds directly or indirectly for the purpose of the settlement, or
- (c) has made a reciprocal arrangement with another person for the other person to make or enter into the settlement.

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**Changes to legislation:** *There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 620. (See end of Document for details)*

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- (4) This Chapter applies to settlements wherever made.
- (5) In this section—
- “charitable loan arrangement” means any arrangement so far as it consists of a loan of money made by an individual to a charity either—
- (a) for no consideration, or
  - (b) for a consideration which consists only of interest, and
- “charity” includes
- (a) [<sup>F1</sup>the Trustees of the National Heritage Memorial Fund, [<sup>F2</sup>and]
  - (b) the Historic Buildings and Monuments Commission for England<sup>F3</sup> ...
  - (c) [<sup>F3</sup> ...]

#### **Textual Amendments**

- F1** Words in s. 620(5) 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. 552** (with transitional provisions and savings in [Sch. 2](#))
- F2** Word in s. 620(5) inserted (1.4.2012) by [The Public Bodies \(Abolition of the National Endowment for Science, Technology and the Arts\) Order 2012 \(S.I. 2012/964\)](#), arts. 1(2), 3(1), **Sch.**
- F3** Words in s. 620(5) omitted (1.4.2012) by virtue of [The Public Bodies \(Abolition of the National Endowment for Science, Technology and the Arts\) Order 2012 \(S.I. 2012/964\)](#), arts. 1(2), 3(1), **Sch.**

#### **Modifications etc. (not altering text)**

- C1** S. 620 applied (with effect in accordance with Sch. 23 para. 65 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 23 paras. 26(2)65(1)(a)** (with [Sch. 23 paras. 5065\(1\)\(b\)](#))

**Changes to legislation:**

There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 620.