



# Income Tax (Trading and Other Income) Act 2005

## 2005 CHAPTER 5

### PART 5

#### MISCELLANEOUS INCOME

#### CHAPTER 5

#### SETTLEMENTS: AMOUNTS TREATED AS INCOME OF SETTLOR [<sup>F1</sup>OR FAMILY]

#### *Income treated as income of settlor: retained interests*

#### **624 Income where settlor retains an interest**

- (1) Income which arises under a settlement is treated for income tax purposes as the income of the settlor and of the settlor alone if it arises—
- during the life of the settlor, and
  - from property in which the settlor has an interest.

[<sup>F1</sup>(1A) If the settlement is a trust, expenses of the trustees are not to be used to reduce the income of the settlor.]

(2) For more on a settlor having an interest in property, see section 625.

- (3) For exceptions to the rule in subsection (1), see—
- section 626 (exception for outright gifts between spouses [<sup>F2</sup>or civil partners]),
  - section 627 (exceptions for certain types of income), <sup>F3</sup>...
  - section 628 (exception for gifts to charities) [<sup>F4</sup>, and
  - section 628A (exception for protected foreign-source income).]

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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 624. (See end of Document for details)*

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#### **Textual Amendments**

- F1** S. 624(1A) 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. 553** (with transitional provisions and savings in [Sch. 2](#))
- F2** Words in s. 624(3) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), **reg. 187**
- F3** Words in s. 624(3) omitted (16.11.2017) (with effect in accordance with Sch. 8 para. 39 of the amending Act) by virtue of [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **Sch. 8 para. 21(a)**
- F4** Words in s. 624(3) inserted (16.11.2017) (with effect in accordance with Sch. 8 para. 39 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **Sch. 8 para. 21(b)**

**Changes to legislation:**

There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 624.