



# Income Tax (Trading and Other Income) Act 2005

## 2005 CHAPTER 5

### PART 5

#### MISCELLANEOUS INCOME

#### CHAPTER 5

##### SETTLEMENTS: AMOUNTS TREATED AS INCOME OF SETTLOR

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

#### **627 Exceptions for certain types of income**

- (1) The rule in section 624(1) does not apply to income which—
  - (a) arises under a settlement made by one party to a marriage [<sup>F1</sup>or civil partnership] by way of provision for the other—
    - (i) after the dissolution or annulment of the marriage [<sup>F1</sup>or civil partnership] , or
    - (ii) while they are separated under an order of a court, or under a separation agreement, or where the separation is likely to be permanent, and
  - (b) is payable to, or applicable for the benefit of, the other party.
- (2) The rule in section 624(1) does not apply to income which consists of—
  - (a) annual payments made by an individual for commercial reasons in connection with the individual's trade, profession or vocation,
  - (b) qualifying donations for the purposes of [<sup>F2</sup>Chapter 2 of Part 8 of ITA 2007 (gift aid)] , or
  - (c) a benefit under a relevant pension scheme.

*Status: Point in time view as at 17/07/2012.*

*Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 627. (See end of Document for details)*

- (3) In subsection (2)(c) “relevant pension scheme” means—
- (a) a registered pension scheme,
  - (b) a pension scheme established by a government outside the United Kingdom for the benefit, or primarily for the benefit, of its employees (or an annuity acquired using funds held for the purposes of such a pension scheme), or
  - (c) 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 and Pensions (Northern Ireland) Order 1999 (S.I. 1999/3147 (N.I. 11)).

- [<sup>F3</sup>(4) The rule in section 624(1) does not apply in relation to income which—
- (a) arises under a settlement, and
  - (b) originates from any settlor who was not an individual.]

#### **Textual Amendments**

- F1** Words in s. 627(1)(a) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **190**
- F2** Words in s. 627(2)(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. 554** (with transitional provisions and savings in Sch. 2)
- F3** [S. 627\(4\)](#) inserted (with effect in accordance with s. 12(4) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), **s. 12(2)**

**Status:**

Point in time view as at 17/07/2012.

**Changes to legislation:**

There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 627.