

*These notes refer to the Income Tax (Trading and Other Income)
Act 2005 (c.5) which received Royal Assent on 24 March 2005*

INCOME TAX (TRADING AND OTHER INCOME) ACT 2005

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 10: General provisions

Chapter 2: General calculation rules etc.

Section 869: Penalties, interest and VAT surcharges: non-trades etc.

3275. This section contains the general rule that tax penalties and interest are not to be deducted for tax purposes. It is based on section 90 of TMA and section 827 of ICTA.
3276. The section brings together all the rules prohibiting a deduction for penalties, interest and surcharges imposed by statute. So it deals with interest on unpaid income tax (imposed by TMA) in the same section as the penalties, interest and surcharges relating to the indirect taxes that are dealt with in section 827 of ICTA.
3277. The table in subsection (4) sets out the specific statutory references because a general description of the penalties etc would not be precise enough. But the second column of the table is a description of the tax to indicate what is involved.