
STATUTORY INSTRUMENTS

2002 No. 2006

The Tax Credits (Definition and
Calculation of Income) Regulations 2002

PART 2 **U.K.**

Income for the purposes of tax credits

CHAPTER 4

Trading Income

[^{F1} Trading income **U.K.**

6. The claimant's ("C") trading income is—
- (a) the amount of C's taxable profits for the tax year arising from—
 - (i) any trade carried on in the United Kingdom or elsewhere;
 - (ii) any profession or vocation the income from which does not fall under any other provision of these Regulations; or
 - (b) the amount of C's taxable profits for the year arising from C's share of the partnership trading or professional income where C is a partner in a trade, profession or vocation.

In this regulation "taxable profits" has the same meaning as it has in Part 2 of ITTOIA, but disregarding the relevant benefit amount in section 23E (tax treatment of relevant benefits) and Chapter 16 of that Part (averaging profits of farmers and creative artists) [^{F2}, and any amount of transition profits for the tax year 2023-24 under Step 5 of paragraph 70(2) and paragraphs 72 and 73 of Schedule 1 (abolition of basis periods) to the Finance Act 2022.]]

Textual Amendments

- F1** Reg. 6 substituted (25.9.2020) by [The Tax Credits \(Coronavirus, Miscellaneous Amendments\) \(No. 2\) Regulations 2020 \(S.I. 2020/941\)](#), regs. 1, **2(2)**
- F2** Words in reg. 6 inserted (15.3.2023) by [The Tax Credits and Child Benefit \(Miscellaneous Amendments\) Regulations 2023 \(S.I. 2023/179\)](#), regs. 1, **2(2)**

[^{F3} Trading Income: in-year finalisation **U.K.**

- 6A. This regulation applies where—
- (a) an award of universal credit is made to a person who was previously entitled to a tax credit;
 - (b) the award of that tax credit has terminated;
 - (c) the date on which the award terminated falls in the tax year to which that award relates ("the relevant tax year"); and

Status: Point in time view as at 27/10/2023.

Changes to legislation: There are currently no known outstanding effects for the The Tax Credits (Definition and Calculation of Income) Regulations 2002, Cross Heading: CHAPTER 4. (See end of Document for details)

(d) the claimant carried on a trade, vocation or profession during the part tax year.

6B.—(1) Where regulation 6A applies, a claimant’s trading income for the purposes of the first paragraph in Step 4 in regulation 3(1) is the claimant’s actual or estimated taxable profits attributable to the part tax year (“the relevant trading income”).

(2) The relevant trading income is to be calculated by reference to the basis period ending during the relevant tax year.

(3) The basis period is to be determined by reference to the rules in Chapter 15 of Part 2 of ITTOIA.

(4) The relevant trading income is calculated by—

- (a) taking the figure for the actual or estimated taxable income earned in the basis period;
- (b) dividing that figure by the number of days in the basis period to give the daily figure; and
- (c) multiplying the daily figure by the number of days in the part tax year on which the trade, profession or vocation was carried on.]

Textual Amendments

F3 Regs. 6A, 6B inserted (29.4.2013) by [The Universal Credit \(Transitional Provisions\) Regulations 2013 \(S.I. 2013/386\)](#), regs. 1(2), 17, **Sch. para. 21**

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Changes to legislation:

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