

*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**

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

*Schedule 2: Transitionals and savings etc.*

**Part 7: Savings and investment income: gains from contracts for life insurance etc. (personal portfolio bonds)**

*Paragraph 123: The second selection condition*

3652. This paragraph is based on regulation 3 of PPB(T)R. The second selection condition applies where a policy:

- which does not meet the first selection condition; but
- whose benefits have not in fact been determined by reference to an index or property outside the permitted categories;
- is varied by the end of the first insurance year beginning on or after 6 April 1999 to eliminate from the determination of benefits any such index or property outside the permitted categories.

3653. In effect, the second selection condition provides a period of grace for a policy or contract to put itself into a comparable state to one meeting the first selection condition.