

INCOME TAX (TRADING AND OTHER INCOME) ACT 2005

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 2: Trading income

Chapter 11: Trade Profits: Other specific trades

Section 165: Deduction for site preparation expenditure

679. This section sets out the rules for expenditure on preparing a site so that it can be used for waste disposal. It is the first of four sections that deal with waste disposal. They are based on sections 91A, 91B and 91BA of ICTA.
680. This section covers expenditure which is not deductible because it is capital and which is not eligible for capital allowances; in other words, expenditure that would otherwise go unrelieved for income tax purposes.
681. *Subsection (1)* introduces the concept of waste materials being deposited on a “waste disposal site”, an expression defined in section 167. It makes it clear that a deduction is allowed only for a period of account in which waste is deposited on the site.
682. The reference to a “predecessor” was inserted into ICTA by FA 2000 to ensure that the relief continues even if the trade is no longer carried on by the person who originally incurred the site preparation expenditure. The term is defined in subsection (3).
683. *Subsection (2)* is the link to section 166, which calculates the amount of expenditure that is allowed as deduction.
684. A deduction under section 91B of ICTA is allowed only if the trader makes a claim (in such form as the Board may direct) and submits such plans and other documents (if any) as the Board may require. This section drops the requirement for a claim. See *Change 48* in Annex.
685. [Paragraph 44](#) of Schedule 2 to this Act rewrites the transitional provision in section 91BA(1) of ICTA. Expenditure cannot be “inherited” if the site changed hands before March 2000.