

# **INCOME TAX (TRADING AND OTHER INCOME) ACT 2005**

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

#### **Part 3: Property income**

##### ***Chapter 11: Overseas property income***

##### ***Section 357: Charge to tax on overseas property income***

1430. This section charges overseas property income to tax. It is based on Schedule D Case V in section 18 of ICTA.

##### ***Section 358: Meaning of “overseas property income”***

1431. This section defines “overseas property income”, in cases where the remittance basis applies. It is new.

1432. Section 65(4) of ICTA provides that, for a person to whom the remittance basis applies, section 65A of ICTA does not apply. This means that there cannot be an overseas property business. And there are no rules in ICTA for calculating the income.

1433. This Chapter uses the expression “overseas property income” to describe income from land outside the United Kingdom which would usually be treated as part of an overseas property business (see section 265) but is not treated in that way because the overseas property business of a remittance basis taxpayer includes only profits from land in the Republic of Ireland (see section 269(3)). So overseas property income does not include any Irish income.

##### ***Section 359: Income charged***

1434. This section sets out the amount charged to tax and takes the form of a signpost to the remittance basis of assessment in section 832. It is based on section 65(5) of ICTA.

##### ***Section 360: Person liable***

1435. This section states who is liable for any tax charged on overseas property income when the remittance basis applies. It is based on section 59(1) of ICTA.