

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 3: Property income

Chapter 4: Profits of property businesses: lease premiums etc.

Section 298: Taking account of deductions for rent as a result of section 37(4) or 87(2) of ICTA

1226. This section is new. It ensures that any deduction for corporation tax purposes for rent which a tenant is deemed to pay under section 37(4) or 87(2) of ICTA for an accounting period ending after 5 April 2005 by reference to:

- a receipt brought into account by the landlord under this Chapter where the landlord is liable to income tax; or
- a receipt brought into account by the landlord under section 34 or 35 of ICTA where the landlord is liable to corporation tax,

is taken into account in the same way as any deduction for an expense incurred under sections 61 or 292 of this Act.

1227. *Subsections (3) and (4)* refer to amounts treated as rent under section 37(4) of ICTA by reference to “the amount chargeable on the superior interest”. The amount chargeable on the superior interest here refers to an amount:

- treated as a receipt under section 34 or 35 of ICTA for any tax year; or
- treated as a receipt under this Chapter for an accounting period ending after 5 April 2005 as a result of the amendments to section 37(1) of ICTA made under paragraph 20 of Schedule 1 to this Act.