

*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 4: Savings and investment income

Chapter 9: Gains from contracts for life insurance etc.

Calculating gains: general

Overview

1939. [Section 491 to 497](#) set out how to calculate a gain on a chargeable event *other than* one arising on any part surrender or part assignment, or an event in respect of the special charge for personal portfolio bonds.
1940. [Section 491](#) introduces a number of terms which are used throughout the Chapter for the computation of gains (and defines them in subsection (4)). These are:
- “calculation event” (an umbrella term for events, the occurrence of which is dependent on the outcome of one of several prescribed calculations); and
 - “excess event”, “part surrender or assignment event” and “personal portfolio bond event” (the types of event which may flow from such a calculation).