

*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**

#### **Part 5: Miscellaneous income**

#### **Chapter 3: Films and sound recordings: non-trade businesses**

#### **Section 609: Charge to tax on films and sound recordings businesses**

2358. This section charges to tax income from businesses involving the exploitation of films and sound recordings where the activities fall short of trading. It is based on section 18 of ICTA .
2359. *Subsection (1)* imposes a charge on UK or foreign businesses involving the exploitation of films or sound recordings where the activities do not amount to a trade. Reclassifying the income according to its nature makes sense. The special allocation rules for films and sound recordings in sections 40A to 40D of F(No 2)A 1992 (and sections 41 to 43 of F(No 2)A 1992 for films) apply to both trades and businesses. The creation of a new charge and Chapter for this income provide a convenient link with the special allocation rules for films and sound recordings businesses (where the activities fall short of trading) which might otherwise be missed.
2360. The new charge on income from non-trading film or sound recordings businesses has been carved out of the general sweep up charge (see section 687) of this Act and included in a separate Chapter together with a signpost to the special allocation rules for expenditure relating to such activities.