



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 5

MISCELLANEOUS INCOME

CHAPTER 5

SETTLEMENTS: AMOUNTS TREATED AS INCOME OF SETTLOR [^{F1}OR FAMILY]

Textual Amendments

- F1** Words in Pt. 5 Ch. 5 heading inserted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 3\(2\)](#)

Charge to tax under Chapter 5

619 Charge to tax under Chapter 5

- (1) Income tax is charged on—
- (a) income which is treated as income of a settlor as a result of section 624 (income where settlor retains an interest),
 - (b) income which is treated as income of a settlor as a result of section 629 (income paid to [^{F2}relevant] children of settlor),
 - (c) capital sums which are treated as income of a settlor as a result of section 633 (capital sums paid to settlor by trustees of settlement), ^{F3}...
 - (d) capital sums which are treated as income of a settlor as a result of section 641 (capital sums paid to settlor by body connected with settlement).

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- [^{F4}(e) benefits whose amount or value is treated as income of the settlor or a close family member as a result of section 643A (benefits provided out of protected foreign-source income), and
- (f) amounts treated as income of the settlor or a close family member by section 643J or 643L (gifts provided out of benefits).]

[^{F5}(2) For the purposes of [^{F6}Chapter 2 of Part 2 of ITA 2007 (rates at which income tax is charged)] , where income of another person is treated as income of the settlor and is charged to tax under subsection (1)(a) or (b) above, it shall be charged in accordance with whichever provisions of the [^{F7}Income Tax Acts] would have been applied in charging it if it had arisen directly to the settlor.]

Textual Amendments

- F2** Word in s. 619(1)(b) substituted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), [reg. 186](#)
- F3** Word in s. 619(1)(c) omitted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by virtue of [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 4\(a\)](#)
- F4** S. 619(1)(e)(f) inserted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 4\(b\)](#)
- F5** S. 619(2) substituted (19.7.2006 with effect as mentioned in [Sch. 13 para. 5\(2\)](#) of the amending Act) for s. 619(2)-(4) by [Finance Act 2006 \(c. 25\)](#), s. 89, [Sch. 13 para. 5\(1\)](#)
- F6** Words in s. 619(2) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 550\(a\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F7** Words in s. 619(2) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 550\(b\)](#) (with transitional provisions and savings in [Sch. 2](#))

[^{F8}619A Income treated as highest part of settlor's total income

- (1) This section applies to income which is treated as income of a settlor as a result of section 624 (income where settlor retains an interest) or 629 (income paid to unmarried minor children of settlor).
- (2) The income is treated as the highest part of the settlor's total income for the purposes of section 619 (so far as it relates to the income).
- (3) See section 1012 of ITA 2007 (relationship between highest part rules) for the relationship between—
 - (a) the rule in subsection (2), and
 - (b) other rules requiring particular income to be treated as the highest part of a person's total income.]

Textual Amendments

- F8** S. 619A inserted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 551](#) (with transitional provisions and savings in [Sch. 2](#))

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620 Meaning of “settlement” and “settlor”

- (1) In this Chapter—
- “settlement” includes any disposition, trust, covenant, agreement, arrangement or transfer of assets (except that it does not include a charitable loan arrangement), and
- “settlor”, in relation to a settlement, means any person by whom the settlement was made.
- (2) A person is treated for the purposes of this Chapter as having made a settlement if the person has made or entered into the settlement directly or indirectly.
- (3) A person is, in particular, treated as having made a settlement if the person—
- has provided funds directly or indirectly for the purpose of the settlement,
 - has undertaken to provide funds directly or indirectly for the purpose of the settlement, or
 - has made a reciprocal arrangement with another person for the other person to make or enter into the settlement.
- (4) This Chapter applies to settlements wherever made.
- (5) In this section—
- “charitable loan arrangement” means any arrangement so far as it consists of a loan of money made by an individual to a charity either—
- for no consideration, or
 - for a consideration which consists only of interest, and
- “charity” includes
- [^{F9}the Trustees of the National Heritage Memorial Fund, [^{F10}and]
 - the Historic Buildings and Monuments Commission for England^{F11} ...
 - ^{F11} ...]

Textual Amendments

- F9** Words in s. 620(5) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 552](#) (with transitional provisions and savings in [Sch. 2](#))
- F10** Word in s. 620(5) inserted (1.4.2012) by [The Public Bodies \(Abolition of the National Endowment for Science, Technology and the Arts\) Order 2012 \(S.I. 2012/964\)](#), arts. 1(2), 3(1), [Sch.](#)
- F11** Words in s. 620(5) omitted (1.4.2012) by virtue of [The Public Bodies \(Abolition of the National Endowment for Science, Technology and the Arts\) Order 2012 \(S.I. 2012/964\)](#), arts. 1(2), 3(1), [Sch.](#)

Modifications etc. (not altering text)

- C1** S. 620 applied (with effect in accordance with [Sch. 23 para. 65](#) of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 23 paras. 26\(2\)65\(1\)\(a\)](#) (with [Sch. 23 paras. 5065\(1\)\(b\)](#))

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Income charged and person liable

621 Income charged

Tax is charged under this Chapter on all [^{F12}income, capital sums and benefits] to which section 619(1) applies.

Textual Amendments

F12 Words in s. 621 substituted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 5](#)

622 Person liable

The person liable for any tax charged under this Chapter is the settlor [^{F13}, but this is subject to sections 643A and 643I to 643M.]

Textual Amendments

F13 Words in s. 622 inserted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 6](#)

Rules for calculating income

623 Calculation of income

- (1) This section applies for the purpose of calculating the liability to tax of [^{F14}an individual] charged under this Chapter.
- (2) The same deductions and reliefs are allowed as would have been allowed if the amount treated as [^{F15}the individual's] income as a result of this Chapter had been received by [^{F15}the individual] as income.

Textual Amendments

F14 Words in s. 623 substituted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 7\(a\)](#)

F15 Words in s. 623 substituted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by virtue of [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 7\(b\)](#)

Income treated as income of settlor: retained interests

624 Income where settlor retains an interest

- (1) Income which arises under a settlement is treated for income tax purposes as the income of the settlor and of the settlor alone if it arises—
 - (a) during the life of the settlor, and
 - (b) from property in which the settlor has an interest.

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[^{F16}(1A) If the settlement is a trust, expenses of the trustees are not to be used to reduce the income of the settlor.]

(2) For more on a settlor having an interest in property, see section 625.

(3) For exceptions to the rule in subsection (1), see—
section 626 (exception for outright gifts between spouses [^{F17}or civil partners]),
section 627 (exceptions for certain types of income), ^{F18} ...
section 628 (exception for gifts to charities) [^{F19}], and
section 628A (exception for protected foreign-source income).]

Textual Amendments

- F16** S. 624(1A) inserted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 553](#) (with transitional provisions and savings in [Sch. 2](#))
- F17** Words in s. 624(3) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), [reg. 187](#)
- F18** Words in s. 624(3) omitted (16.11.2017) (with effect in accordance with [Sch. 8 para. 39](#) of the amending Act) by virtue of [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 8 para. 21\(a\)](#)
- F19** Words in s. 624(3) inserted (16.11.2017) (with effect in accordance with [Sch. 8 para. 39](#) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 8 para. 21\(b\)](#)

625 Settlor's retained interest

- (1) A settlor is treated for the purposes of section 624 as having an interest in property if there are any circumstances in which the property or any related property—
- is payable to the settlor or the settlor's spouse [^{F20}or civil partner] ,
 - is applicable for the benefit of the settlor or the settlor's spouse [^{F20}or civil partner] , or
 - will, or may, become so payable or applicable.
- (2) Subsection (1) does not apply if the only circumstances are one or more of—
- the bankruptcy of a person who is, or may become, beneficially entitled to the property or any related property,
 - the assignment of the property or any related property by such a person,
 - the charging of (or, in Scotland, the granting of a right in security over) the property or any related property by such a person,
- [^{F21}(d) in the case of a marriage settlement or civil partnership settlement, the death of both parties to the marriage or civil partnership and of all or any of the children of the family of the parties to the marriage or civil partnership, and]
- the death of a child of the settlor who had become beneficially entitled to the property or any related property at not more than 25 years old.

[^{F22}(2A) In subsection (2) “child of the family”, in relation to parties to a marriage or civil partnership, means a child of one or both of them.]

- (3) Subsection (1) does not apply if—
- there are no circumstances in which the property or any related property can become payable or applicable as mentioned in that subsection during the life of a person other than—

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- (i) the bankruptcy of the person, or
 - (ii) the assignment or charging of the person's interest in the property or any related property, and
 - (b) the person is alive and under 25 years old.
- (4) In subsection (1) “the settlor's spouse [^{F23}or civil partner]” does not include—
- (a) a spouse [^{F23}or civil partner] from whom the settlor is separated under an order of a court or a separation agreement,
 - (b) a spouse [^{F23}or civil partner] from whom the settlor is separated where the separation is likely to be permanent,
 - (c) the widow or widower [^{F24}or surviving civil partner] of the settlor, or
 - (d) a person to whom the settlor is not married but may later marry [^{F25} or a person of whom the settlor is not a civil partner but of whom the settlor may later be a civil partner] .
- (5) In this section “related property”, in relation to any property, means income from that property or any other property directly or indirectly representing proceeds of, or of income from, that property or income from it.

Textual Amendments

- F20** Words in s. 625(1) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **188(2)**
- F21** S. 625(2)(d) substituted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **188(3)**
- F22** S. 625(2A) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **188(4)**
- F23** Words in s. 625(4) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **188(5)(a)**
- F24** Words in s. 625(4)(c) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **188(5)(b)**
- F25** Words in s. 625(4)(d) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **188(5)(c)**

626 Exception for outright gifts between spouses [^{F26}or civil partners]

- (1) The rule in section 624(1) does not apply in respect of an outright gift—
- (a) of property from which income arises,
 - (b) made by one spouse to the other [^{F27}or one civil partner to the other] , and
 - (c) meeting conditions A and B.
- (2) Condition A is that the gift carries a right to the whole of the income.
- (3) Condition B is that the property is not wholly or substantially a right to income.
- (4) A gift is not an outright gift for the purposes of this section if—
- (a) it is subject to conditions, or
 - (b) there are any circumstances in which the property, or any related property—
 - (i) is payable to the giver,
 - (ii) is applicable for the benefit of the giver, or
 - (iii) will, or may become, so payable or applicable.

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(5) “Related property” has the same meaning in this section as in section 625.

Textual Amendments

- F26** Words in s. 626 heading inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **189(3)**
- F27** Words in s. 626(1)(b) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **189(2)**

627 Exceptions for certain types of income

- (1) The rule in section 624(1) does not apply to income which—
- (a) arises under a settlement made by one party to a marriage [^{F28}or civil partnership] by way of provision for the other—
 - (i) after the dissolution or annulment of the marriage [^{F28}or civil partnership] , or
 - (ii) while they are separated under an order of a court, or under a separation agreement, or where the separation is likely to be permanent, and
 - (b) is payable to, or applicable for the benefit of, the other party.
- (2) The rule in section 624(1) does not apply to income which consists of—
- (a) annual payments made by an individual for commercial reasons in connection with the individual's trade, profession or vocation,
 - (b) qualifying donations for the purposes of [^{F29}Chapter 2 of Part 8 of ITA 2007 (gift aid)] , or
 - (c) a benefit under a relevant pension scheme.
- (3) In subsection (2)(c) “relevant pension scheme” means—
- (a) a registered pension scheme,
 - (b) a pension scheme established by a government outside the United Kingdom for the benefit, or primarily for the benefit, of its employees (or an annuity acquired using funds held for the purposes of such a pension scheme), or
 - (c) any pension arrangements of any description prescribed by regulations made under section 11(2)(h) of the Welfare Reform and Pensions Act 1999 (c. 30) or Article 12(2)(h) of the Welfare Reform and Pensions (Northern Ireland) Order 1999 (S.I. 1999/3147 (N.I. 11)).
- [^{F30}(4) The rule in section 624(1) does not apply in relation to income which—
- (a) arises under a settlement, and
 - (b) originates from any settlor who was not an individual.]

Textual Amendments

- F28** Words in s. 627(1)(a) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **190**
- F29** Words in s. 627(2)(b) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, **Sch. 1 para. 554** (with transitional provisions and savings in Sch. 2)

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F30 S. 627(4) inserted (with effect in accordance with s. 12(4) of the amending Act) by [Finance Act 2012 \(c. 14\), s. 12\(2\)](#)

628 Exception for gifts to charities

- (1) The rule in section 624(1) does not apply to any qualifying income which arises under a ^{F31}UK settlement] if—
- (a) it is given by the trustees to a charity in the tax year in which it arises, or
 - (b) it is income to which a charity is entitled under the terms of the trust.
- (2) In this section “qualifying income” means—
- (a) income which ^{F32}must] be accumulated,
 - (b) income which is payable at the discretion of the trustees or any other person ^{F33} . . .
 - (c) income which (before being distributed) is income of any person other than the trustees.
- ^{F34}(2A) The cases covered by subsection (2)(b) include cases where the trustees have, or any other person has, any discretion over one or more of the following matters—
- (a) whether, or the extent to which, the income is to be accumulated,
 - (b) the persons to whom the income is to be paid, and
 - (c) how much of the income is to be paid to any person.]
- (3) Subsection (4) applies if in any tax year qualifying income which arises under a ^{F31}UK settlement] from different sources exceeds the total of—
- (a) the amount of that income which falls within subsection (1), and
 - (b) the amount of that income which falls within section 630(1) (comparable exception for income of ^{F35}relevant] children of settlor).
- (4) The amount of the qualifying income from different sources which falls within subsection (1) above is rateably apportioned between those sources.
- (5) This does not affect the operation of any requirement that the whole, or any specified part, of the income from a particular source is to be given to a charity.
- (6) In this section—
- “charity” includes
- (a) ^{F36}the Trustees of the National Heritage Memorial Fund, ^{F37}and]
 - (b) the Historic Buildings and Monuments Commission for England^{F38} . . .
 - (c) ^{F38} . . .]
- ^{F39}
- ^{F40}“UK settlement” means a settlement the trustees of which are resident ^{F41} . . . in the United Kingdom.]

Textual Amendments

F31 Words in s. 628 substituted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\), Sch. 13 para. 33\(1\)\(5\)](#)

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- F32** Words in s. 628(2)(a) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 555\(2\)\(a\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F33** Words in s. 628(2)(b) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1031, 1034, [Sch. 1 para. 555\(2\)\(b\)](#), [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))
- F34** S. 628(2A) inserted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 555\(3\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F35** Word in s. 628(3)(b) substituted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), [regs. 1, 191](#)
- F36** S. 628(6): words in definition of 'charity' substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034 {[Sch. 1 para. 555\(4\)\(a\)](#)} (with transitional provisions and savings in [Sch. 2](#))
- F37** Word in s. 628(6) inserted (1.4.2012) by [The Public Bodies \(Abolition of the National Endowment for Science, Technology and the Arts\) Order 2012 \(S.I. 2012/964\)](#), arts. 1(2), 3(1), [Sch.](#)
- F38** Words in s. 628(6) omitted (1.4.2012) by virtue of [The Public Bodies \(Abolition of the National Endowment for Science, Technology and the Arts\) Order 2012 \(S.I. 2012/964\)](#), arts. 1(2), 3(1), [Sch.](#)
- F39** S. 628(6): definition of 'resident' and subsequent word repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1031, 1034, [Sch. 1 para. 555\(4\)\(b\)](#), [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))
- F40** Words in s. 628(6) substituted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), [Sch. 13 para. 33\(2\)\(5\)](#)
- F41** Words in s. 628(6) omitted (6.4.2015) by virtue of [The Income Tax \(Removal of Ordinary Residence\) Order 2014 \(S.I. 2014/3062\)](#), arts. 1(1), 2

[^{F42}628A] Exception for protected foreign-source income

- (1) The rule in section 624(1) does not apply to income which arises under a settlement if it is protected foreign-source income for a tax year.
- (2) For this purpose, income arising under a settlement in a tax year is “protected foreign-source income” for the tax year if Conditions A to F are met.
- (3) Condition A is that the income would be relevant foreign income if it were income of a UK resident individual.
- (4) Condition B is that the income is from property originating from the settlor (see section 645).
- (5) Condition C is that when the settlement is created the settlor—
 - (a) is not domiciled in the United Kingdom, and
 - (b) if the settlement is created on or after 6 April 2017, is not deemed domiciled in the United Kingdom.
- (6) Condition D is that there is no time in the tax year when the settlor is—
 - (a) domiciled in the United Kingdom, or
 - (b) deemed domiciled in the United Kingdom by virtue of Condition A in section 835BA of ITA 2007.
- (7) Condition E is that the trustees of the settlement are not UK resident for the tax year.
- (8) Condition F is that no property or income is provided directly or indirectly for the purposes of the settlement by the settlor, or by the trustees of any other settlement of

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- which the settlor is a beneficiary or settlor, at a time in the relevant period when the settlor is—
- (a) domiciled in the United Kingdom, or
 - (b) deemed domiciled in the United Kingdom.
- (9) In subsection (8) “relevant period” means the period—
- (a) beginning with the start of 6 April 2017 or, if later, the creation of the settlement, and
 - (b) ending with the end of the tax year.
- (10) For the purposes of Condition F, the addition of value to property comprised in the settlement is to be treated as the direct provision of property for the purposes of the settlement.
- (11) Section 628B (tainting) contains further provision for the purposes of Condition F.
- (12) In this section “deemed domiciled” means regarded for the purposes of section 809(1)(b) of ITA 2007 as domiciled in the United Kingdom as a result of section 835BA of ITA 2007 having effect.
- (13) Section 648(3) to (5) (relevant foreign income treated as arising under settlement only if and when remitted) do not apply for the purposes of this section.

Textual Amendments

F42 Ss. 628A-628C inserted (16.11.2017) (with effect in accordance with Sch. 8 para. 39 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 8 para. 22](#)

Modifications etc. (not altering text)

C2 S. 628A excluded (16.11.2017) by 2004 c. 12, Sch. 15 para. 8(4) (as inserted (with effect in accordance with Sch. 8 para. 39 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 8 para. 19](#))

628B Section 628A: tainting

- (1) This section applies for the purposes of Condition F in section 628A.
- (2) Ignore—
 - (a) property or income provided under a transaction, other than a loan, where the transaction is entered into on arm's length terms,
 - (b) property or income provided, otherwise than under a loan, without any intention by the person providing it to confer a gratuitous benefit on any person,
 - (c) the principal of a loan which is made to the trustees of the settlement on arm's length terms,
 - (d) the payment of interest to the trustees of the settlement under a loan made by them on arm's length terms,
 - (e) repayment to the trustees of the settlement of the principal of a loan made by them,
 - (f) property or income provided in pursuance of a liability incurred by any person before 6 April 2017, and
 - (g) where the settlement's expenses relating to taxation and administration for a tax year exceed its income for that year, property or income provided towards

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meeting that excess if the value of any such property and income is not greater than the amount of—

- (i) the excess, or
- (ii) if greater, the amount by which such expenses exceed the amount of such expenses which may be paid out of the settlement's income.

(3) Where—

- (a) a loan is made to the trustees of the settlement by the settlor or the trustees of a settlement connected with the settlor, and
- (b) the loan is on arm's length terms, but
- (c) a relevant event occurs,

the principal of the loan is to be regarded as having been provided to the trustees at the time of that event (despite subsection (2)).

(4) In subsection (3) “relevant event” means—

- (a) capitalisation of interest payable under the loan,
- (b) any other failure to pay interest in accordance with the terms of the loan, or
- (c) variation of the terms of the loan such that they cease to be arm's length terms.

(5) Subsection (6) applies (subject to subsection (7)) where—

- (a) the settlor becomes deemed domiciled in the United Kingdom on or after 6 April 2017,
- (b) before the date on which the settlor becomes deemed domiciled in the United Kingdom (“the deemed domicile date”), a loan has been made to the trustees of the settlement by—
 - (i) the settlor, or
 - (ii) the trustees of a settlement connected with the settlor,
- (c) the loan is not entered into on arm's length terms, and
- (d) any amount that is outstanding under the loan on the deemed domicile date (“the outstanding amount”) is payable or repayable on demand on or after that date.

(6) Where this subsection applies, the outstanding amount is to be regarded as property directly provided on the deemed domicile date by the lender for the purposes of the settlement (despite subsection (2)).

(7) But if the deemed domicile date is 6 April 2017, subsection (6) does not apply if—

- (a) the principal of the loan is repaid, and all interest payable under the loan is paid, before 6 April 2018, or
- (b) the loan becomes a loan on arm's length terms before 6 April 2018 and—
 - (i) before that date interest is paid to the lender in respect of the period beginning with 6 April 2017 and ending with 5 April 2018 as if those arm's length terms had been terms of the loan in relation to that period, and
 - (ii) interest continues to be payable from 6 April 2018 in accordance with those terms.

(8) For the purposes of this section, a loan is on “arm's length terms”—

- (a) in the case of a loan made to the trustees of a settlement, only if interest at the official rate or more is payable at least annually under the loan;

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- (b) in the case of a loan made by the trustees of a settlement, only if any interest payable under the loan is payable at no more than the official rate.
- (9) For the purposes of this section—
- a settlement is “connected” with a person if the person is the settlor or a beneficiary of it;
 - “deemed domiciled” has the same meaning as in section 628A;
 - “official rate”, in relation to interest, means the rate of interest applicable from time to time under section 178 of FA 1989 for the purposes of Chapter 7 of Part 3 of ITEPA 2003.

Textual Amendments

F42 Ss. 628A-628C inserted (16.11.2017) (with effect in accordance with Sch. 8 para. 39 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 8 para. 22](#)

628C Foreign income arising before, but remitted on or after, 6 April 2017

- (1) For the purposes of applying section 809L of ITA 2007 (meaning of remitted to the UK) in relation to transitional trust income, “relevant person” in that section does not include the trustees of the settlement concerned.
- (2) “Transitional trust income” means income—
- (a) that arises under a settlement in the period beginning with the tax year 2008-09 and ending with the tax year 2016-17 (“the protection period”),
 - (b) that would be protected foreign-source income for the purposes of section 628A(1) if section 628A(2)—
 - (i) had effect for the protection period, and
 - (ii) so had effect with a reference to conditions A to E (instead of A to F),
 - (c) that prior to 6 April 2017 has neither been distributed by the trustees of the settlement nor treated under section 624(1) as income of the settlor, and
 - (d) that would for the tax year in which it arose under the settlement have been treated under section 624(1) as income of the settlor if the settlor had been domiciled in the United Kingdom for that year.
- (3) Section 648(3) to (5) (relevant foreign income treated as arising under settlement only if and when remitted), and corresponding earlier enactments, do not apply for the purposes of subsection (2)(a) and (d).]

Textual Amendments

F42 Ss. 628A-628C inserted (16.11.2017) (with effect in accordance with Sch. 8 para. 39 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 8 para. 22](#)

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Income treated as income of settlor: [F43 relevant] children

Textual Amendments

F43 Word in cross-heading substituted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **192(5)**

629 Income paid to [F44 relevant] children of settlor

- (1) Income which arises under a settlement is treated for income tax purposes as the income of the settlor and of the settlor alone for a tax year if, in that year and during the life of the settlor, it—
 - (a) is paid to, or for the benefit of, [F45 a relevant] child of the settlor, or
 - (b) would otherwise be treated (apart from this section) as income of [F45 a relevant] child of the settlor.
- (2) Subsection (1) does not apply to income which is treated as income of the settlor under section 624.
- (3) Subsection (1) does not apply in relation to a child's relevant settlement income in any tax year if, in that year, the total amount of that income does not exceed £100.
- (4) In subsection (3) a child's “relevant settlement income” means income—
 - (a) which is paid to or for the benefit of, or otherwise treated as income of, the child, and
 - (b) which (apart from subsection (3)) would be treated as income of the settlor under subsection (1).
- (5) Subsection (1) does not apply so far as provided by section 630 (exception for gifts to charities) [F46 or section 630A (exception for protected foreign-source income)].
- (6) See—

section 631 for the treatment for the purposes of subsection (1) of retained or accumulated income, and

section 632 for the treatment for the purposes of this section and section 631 of certain deemed income connected to offshore income gains.
- (7) In this section and sections 631 and 632—
 - (a) “child” includes a stepchild,
 - (b) “minor” means a person under the age of 18 years, and “minor child” is to be read accordingly, ^{F47} . . .
 - (c) references to payments include payments in money's worth [F48, and]
 - [F49] (d) “relevant child” means a minor child who is unmarried or not in a civil partnership.]

[F50] (8) Subsection (1) is subject to section 28A of FA 2005.]

Textual Amendments

F44 Word in s. 629 heading substituted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **192(4)**

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- F45** Words in s. 629(1)(a)(b) substituted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **192(2)**
- F46** Words in s. 629(5) inserted (16.11.2017) (with effect in accordance with Sch. 8 para. 39 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **Sch. 8 para. 23(1)**
- F47** Word in s. 629(7)(b) omitted (5.12.2005) by virtue of [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **192(3)(a)**
- F48** Word in s. 629(7)(c) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **192(3)(b)**
- F49** S. 629(7)(d) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **192(3)(c)**
- F50** S. 629(8) inserted (with effect in accordance with [Sch. 13 para. 34\(2\)](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 13 para. 34(1)**

630 Exception for gifts to charities

- (1) The rule in section 629(1) does not apply to any qualifying income which arises under a UK trust if—
 - (a) it is given by the trustees to a charity in the tax year in which it arises, or
 - (b) it is income to which a charity is entitled under the terms of the trust.
- (2) Subsection (3) applies if in any tax year qualifying income which arises under a UK trust from different sources exceeds the total of—
 - (a) the amount of that income which falls within subsection (1), and
 - (b) the amount of that income which falls within section 628(1) (comparable exception for income where settlor retains an interest).
- (3) The amount of the qualifying income from different sources which falls within subsection (1) above is rateably apportioned between those sources.
- (4) This does not affect the operation of any requirement that the whole, or any specified part, of the income from a particular source is to be given to a charity.
- (5) In this section “charity”, “qualifying income” and “UK trust” have the same meaning as in section 628.

[^{F51}630A Exception for protected foreign-source income

- (1) The rule in section 629(1) does not apply to income which arises under a settlement if it is protected foreign-source income for a tax year.
- (2) Sections 628A(2) to (12) and 628B (meaning of “protected foreign-source income”) have effect also for this purpose.
- (3) Section 648(3) to (5) (relevant foreign income treated as arising under settlement only if and when remitted) do not apply for the purposes of this section.]

Textual Amendments

- F51** S. 630A inserted (16.11.2017) (with effect in accordance with Sch. 8 para. 39 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **Sch. 8 para. 23(2)**

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631 Retained and accumulated income

- (1) This section applies if—
- (a) the trustees of a settlement retain or accumulate income arising under the settlement, and
 - (b) a payment is subsequently made in connection with the settlement to, or for the benefit of, [^{F52}a child of the settlor who is unmarried or not in a civil partnership].
- (2) The payment is treated for the purposes of section 629(1) as a payment of income, but only so far as there is retained or accumulated income available.
- (3) For the purposes of subsection (1) a payment is made in connection with a settlement if it is made by virtue of or in consequence of—
- (a) the settlement, or
 - (b) any enactment relating to the settlement.
- (4) For the purposes of subsection (2) retained or accumulated income is available at any time when—

$$A > B$$

where—

A is the total amount of the income which has arisen under the settlement since it was made, and

B is the total amount of disregarded income.

- (5) In subsection (4) “disregarded income” means any income arising under the settlement since it was made which has been—
- (a) treated as income of the settlor,
 - (b) paid (whether as income or capital) to, or for the benefit of, a beneficiary other than [^{F53}a relevant] child of the settlor,
 - (c) otherwise treated as the income of such a beneficiary,
 - (d) treated as income of an unmarried minor child of the settlor, and subject to income tax, in any of the tax years 1995-96, 1996-97 and 1997-98, or
 - (e) applied in meeting expenses of the trustees which—
 - (i) were properly chargeable to income, or
 - (ii) would have been so chargeable but for any express [^{F54}terms of the settlement].
- (6) For the purposes of subsection (5)(d), income arising under the settlement that is treated as income of the child is subject to income tax so far as it does not exceed the taxable amount.
- (7) In subsection (6) “the taxable amount”, in relation to a tax year, means the amount by which—

$$TI > TAD$$

where—

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TI is the child's total income for income tax purposes, and

TAD is the total amount of allowances and deductions that may be set against the [^{F55}the child's total income or net income at Step 2 or 3 of the calculation in section 23 of ITA 2007].

Textual Amendments

- F52** Words in s. 631(1)(b) substituted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **193(2)**
- F53** Words in s. 631(5)(b) substituted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **193(3)**
- F54** Words in s. 631(5)(e)(ii) substituted (retrospective to 6.4.2006) by [Finance Act 2006 \(c. 25\)](#), **Sch. 13 para. 33(4)(5)**
- F55** Words in s. 631(7) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, **Sch. 1 para. 556** (with transitional provisions and savings in Sch. 2)

632 Offshore income gains

- (1) This section applies if—
- (a) an offshore income gain accrues in respect of a disposal by a trustee of assets held by the trustee for a minor, and
 - (b) the minor would be absolutely entitled as against the trustee but for being a minor.
- (2) The income which, under [^{F56}regulation 17 of the Offshore Funds (Tax) Regulations 2009 ([S.I. 2009/3001](#)) (charge to tax)], is treated as arising by reference to that gain is treated for the purposes of sections 629 and 631 as paid to the minor.
- (3) In this section “offshore income gain” has the same meaning as in [^{F57}Chapter 5 of Part 2 of those Regulations].

Textual Amendments

- F56** Words in s. 632(2) substituted (1.12.2009) (with effect in accordance with art. 1(2)(3) of, Sch. 1 to the amending S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), regs. 1(1), **128(3)(a)**
- F57** Words in s. 632(3) substituted (1.12.2009) (with effect in accordance with art. 1(2)(3) of, Sch. 1 to the amending S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), regs. 1(1), **128(3)(b)**

Capital sums treated as income of settlor: trustees' payments

633 Capital sums paid to settlor by trustees of settlement

- (1) Any capital sum paid directly or indirectly in any tax year by the trustees of a settlement to the settlor is treated for income tax purposes as follows.
- (2) The sum is treated as the income of the settlor for the tax year so far as the amount of the sum falls within the amount of income available up to the end of the year.

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- (3) The sum is treated as the income of the settlor for the following year so far as the amount of the sum—
 - (a) is not treated under subsection (2) as the settlor's income for the tax year in which it is paid, and
 - (b) falls within the amount of the income available up to the end of the following year.
- (4) Subsection (3) also applies for each subsequent year up to a maximum of 10 years subsequent to the tax year in which the sum is paid.
- (5) For this purpose the reference in subsection (3)(a) to being treated under subsection (2) as the settlor's income for the tax year in which the capital sum is paid is a reference to being treated under subsection (2) or (3) as the settlor's income for that year and any other year before the subsequent year in question.
- (6) For the meaning of certain expressions used in this section, see—
 - section 634 (meaning of “capital sum” and “sums paid to settlor”),
 - section 635 (amount of available income),
 - section 636 (calculation of undistributed income), and
 - section 637 (qualifications to section 636).
- (7) For other provisions, see—
 - section 638 (capital sums paid by way of loan or repayment of loan),
 - section 639 (loans to participators in close companies), and
 - section 640 (grossing-up of deemed income).

634 Meaning of “capital sum” and “sums paid to settlor”

- (1) In this Chapter “capital sum” means—
 - (a) any sum paid by way of loan or repayment of a loan, and
 - (b) any other sum which—
 - (i) is paid otherwise than as income, and
 - (ii) is not paid for full consideration in money or money's worth.
- (2) But this is subject to subsections (3) to (6).
- (3) It does not include any sum which could not have become payable to the settlor except—
 - (a) in one of the circumstances mentioned in subsection (2) of section 625, or
 - (b) on the death under the age of 25 of any person of the kind mentioned in subsection (3) of that section.
- (4) It does include a sum treated as a capital sum by subsection (5) below.
- (5) Any sum which—
 - (a) is paid by the trustees of a settlement to a third party—
 - (i) at the settlor's direction, or
 - (ii) as a result of the assignment by the settlor of the settlor's right to receive the sum, or
 - (b) is otherwise paid, or applied by, the trustees for the benefit of the settlor, is treated as a capital sum paid to the settlor by the trustees.

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- (6) Subsection (5) does not apply to any sum which would, apart from that subsection, be treated as a capital sum paid to the settlor.
- (7) References in sections 633 to 638 to sums paid to the settlor include references to sums paid to—
- (a) the spouse [^{F58}or civil partner] of the settlor, or
 - (b) the settlor (or the spouse [^{F58}or civil partner] of the settlor) jointly with another person.

Textual Amendments

F58 Words in s. 634(7) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, **194**

635 Amount of available income

- (1) For the purposes of section 633 the amount of income available up to the end of any tax year is, in relation to any capital sum paid as mentioned in subsection (1) of that section by the trustees of a settlement, calculated as follows.
- (2) Add together the amount of [^{F59}unprotected] income arising under the settlement in that year and any previous year which has not been distributed.
- (3) Deduct from that figure—
- (a) the amount of that income taken into account under section 633 in relation to that sum in any previous year or years,
 - (b) the amount of that income taken into account under section 633 in relation to any other capital sums paid to the settlor in any year before that sum was paid,
 - (c) any income arising under the settlement in that year or any previous year which has been treated as income of the settlor under section 624 or 629, and
 - (d) an amount equal to the sum of tax at the [^{F60}trust rate] on—
 - (i) the total amount of [^{F61}unprotected] income arising under the settlement in that year and any previous year which has not been distributed, less
 - (ii) any income of the kind mentioned in paragraph (c).
- (4) See sections 636 and 637 for how to calculate amounts of undistributed income.
- [^{F62}(5) In [^{F63}this section and sections 636 and 637] “unprotected income” means income which is not protected foreign-source income, and sections 628A(2) to (13) and 628B (meaning of “protected foreign-source income”) have effect also for this purpose.]

Textual Amendments

- F59** Word in s. 635(2) inserted (16.11.2017) (with effect in accordance with Sch. 8 para. 39 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 8 para. 24\(2\)](#)
- F60** Words in s. 635(3)(d) substituted (6.4.2007 with effect as stated in [s. 1034\(1\)](#) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 557](#) (with transitional provisions and savings in [Sch. 2](#))
- F61** Word in s. 635(3)(d)(i) inserted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 8\(a\)](#)

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- F62** S. 635(5) inserted (16.11.2017) (with effect in accordance with Sch. 8 para. 39 of the amending Act) by Finance (No. 2) Act 2017 (c. 32), **Sch. 8 para. 24(3)**
- F63** Words in s. 635(5) substituted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by Finance Act 2018 (c. 3), **Sch. 10 para. 8(b)**

636 Calculation of undistributed income

- (1) For the purposes of section 635, [^{F64}unprotected] income arising under a settlement in any tax year is treated as [^{F64}unprotected] income which has not been distributed so far as it exceeds the total amount of—
- (a) the sums to which subsection (2) applies,
 - (b) the expenses to which subsection (4) applies, and
 - (c) if the trustees of the settlement are trustees for charitable purposes, the amount to which subsection (6) applies.
- (2) This subsection applies to ^{F65}... sums paid in the tax year to any persons by the trustees of the settlement [^{F66}that are payments of unprotected income, or sums treated as representing unprotected income, and that]—
- (a) are treated in that year (otherwise than under section 633) as the income of those persons for income tax purposes, or
 - (b) would be [^{F67}treated as mentioned in paragraph (a)] if those persons were domiciled [^{F68}and resident] in the United Kingdom and the sums had been paid to them there.
- (3) Subsection (2) is subject to section 637(1).
- (4) This subsection applies to any expenses of the trustees of the settlement paid in the tax year which, in the absence of any express provision of the settlement, would be properly chargeable to [^{F69}unprotected] income.
- (5) Subsection (4)—
- (a) does not apply to expenses so far as they are included in the sums mentioned in subsection (2), and
 - (b) is subject to section 637(2) to (7).
- (6) This subsection applies to the amount by which—

$$A > B$$

where—

A is any [^{F70}unprotected] income arising under the settlement in the tax year in respect of which exemption from tax may be granted under [^{F71}any provision to which subsection (7) applies], and

B is the total amount of any such sums or expenses as are mentioned in subsections (2) and (4) paid in that year which are properly chargeable to the income.

- [^{F72}(7) This subsection applies to the following provisions of ITA 2007—
- section 521(4) (gifts entitling donor to gift-aid relief),
 - section 522(5) (gifts of money from companies),
 - section 523(5) (payments from other charities),

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section 524 (profits etc of charitable trades),
 section 529 (profits from fund-raising events),
 section 530 (profits from lotteries),
 section 531 (property income etc),
 section 532 (savings and investment income),
 section 533 (public revenue dividends),
 section 536 (miscellaneous income), and
 section 537 (income from estates in administration).]

Textual Amendments

- F64** Word in s. 636(1) inserted (16.11.2017) (with effect in accordance with Sch. 8 para. 39 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 8 para. 25](#)
- F65** Word in s. 636(2) omitted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by virtue of [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 9\(a\)\(i\)](#)
- F66** Words in s. 636(2) substituted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 9\(a\)\(ii\)](#)
- F67** Words in s. 636(2)(b) substituted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 9\(a\)\(iii\)](#)
- F68** Words in s. 636(2)(b) substituted (with effect in accordance with Sch. 46 para. 72 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 48\(1\)](#) (with [Sch. 46 para. 48\(2\)](#))
- F69** Word in s. 636(4) inserted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 9\(b\)](#)
- F70** Word in s. 636(6) inserted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 9\(c\)](#)
- F71** Words in s. 636(6) substituted (with effect as stated in [s. 1034\(1\)](#) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 558\(2\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F72** S. 636(7) inserted (with effect as stated in [s. 1034\(1\)](#) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 558\(3\)](#) (with transitional provisions and savings in [Sch. 2](#))

637 Qualifications to section 636

- (1) Section 636(2) does not apply—
- (a) to any interest paid by the trustees of the settlement, or
 - (b) to any sums paid to—
 - (i) a body corporate connected with the settlement, or
 - (ii) the trustees of another settlement made by the settlor or by the trustees of the settlement.
- (2) Section 636(4) applies to any [^{F73}relevant] interest paid by the trustees of the settlement subject to subsections (3) to (7).
- (3) The whole of any [^{F74}relevant] interest paid by the trustees of the settlement is excluded from subsection (4) of section 636 if no sums within subsection (2) of that section were paid to any person other than the settlor or the spouse [^{F75}or civil partner] of the settlor.
- (4) If any sum within section 636(2) was so paid, the relevant fraction of any [^{F76}relevant] interest paid by the trustees of the settlement is excluded from section 636(4).
- (5) The relevant fraction is—

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$$\frac{A - B}{A}$$

where—

A is the whole of the [^{F77}unprotected] income arising under the settlement in the tax year, less the sums referred to in subsection (4) of section 636 apart from subsections (2), (3) and (6) of this section, and

B is so much of the sums within subsection (2) of that section as is paid to persons other than the settlor or the spouse [^{F78}or civil partner] of the settlor.

- (6) Subsections (2) to (5) do not apply to—
- (a) interest in respect of which relief from tax is allowable under any provision of the Income Tax Acts, or
 - (b) interest payable to the settlor or the spouse [^{F79}or civil partner] of the settlor if living with the settlor.

- (7) Nothing in subsections (2) to (6) affects the liability to tax of the person receiving or entitled to the interest.

[^{F80}(7A) In this section “relevant interest” means interest which, in the absence of any express provision of the settlement, would be properly chargeable to unprotected income.]

- (8) For the purposes of this Chapter, a body corporate is treated as connected with a settlement in any tax year if at any time in that year—
- (a) it is a close company (or only is not a close company because it is non-UK resident) and the participators then include the trustees of the settlement, or
 - (b) it is controlled by a company falling within paragraph (a).

Textual Amendments

- F73** Word in s. 637(2) inserted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 10\(a\)](#)
- F74** Word in s. 637(3) inserted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 10\(a\)](#)
- F75** Words in s. 637(3) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, [195\(2\)](#)
- F76** Word in s. 637(4) inserted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 10\(a\)](#)
- F77** Word in s. 637(5) inserted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 10\(b\)](#)
- F78** Words in s. 637(5) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, [195\(3\)](#)
- F79** Words in s. 637(6)(b) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1, [195\(4\)](#)
- F80** S. 637(7A) inserted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 10\(c\)](#)

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Trustees' payments: further provisions

638 Capital sums paid by way of loan or repayment of loan

- (1) No part of a capital sum which is paid to a settlor by way of loan is treated under section 633 as the settlor's income for any tax year after the tax year in which the whole of the sum is repaid.
- (2) Subsection (3) applies if—
 - (a) a capital sum is paid to the settlor by way of loan, and
 - (b) one or more capital sums have previously been paid to the settlor by way of loan and wholly repaid.
- (3) The amount of the capital sum mentioned in subsection (2)(a) is treated for the purposes of section 633 as equal to the amount (if any) by which it exceeds so much of the capital sum or sums previously paid as has already been treated as the settlor's income under that section.
- (4) Subsection (5) applies if—
 - (a) a capital sum is paid to the settlor by way of complete repayment of a loan, and
 - (b) an amount not less than the capital sum is subsequently lent by the settlor to the trustees of the settlement.
- (5) No part of the capital sum is treated under section 633 as the settlor's income for any tax year after that in which the further loan is made.

639 Loans to participators in close companies

- (1) This section applies if any amount has been included in a person's income under Chapter 6 of Part 4 (release of loan to participator in close company) in respect of any loan or advance.
- (2) There is a corresponding reduction in the amount (if any) afterwards falling to be so included under section 633 in respect of the loan or advance.

640 Grossing-up of deemed income

- (1) The whole or any part of a capital sum which is treated under section 633 as income of the settlor for any tax year is treated as income of an amount equal to the sum or the part of the sum, grossed up by reference to the [^{FS1}trust rate] for that year.
- (2) The deductible amount is to be set off against the amount of tax charged on any amount treated under section 633 as income of the settlor for any year.
- (3) In subsection (2) the “deductible amount” is an amount equal to—
 - (a) tax at the [^{FS1}trust rate] for the year on the amount treated under section 633 as the settlor's income,
 - (b) so much of the amount of tax at that rate as is equal to the tax charged, or
 - (c) the amount of tax paid by the trustees on the grossed-up amount of so much of the amount of income available up to the end of the year, in relation to the capital sum, as is taken into account under section 633 in relation to that sum in that year (see subsections (4) to (7) below),
 whichever is the least.

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- (4) For the purposes of subsection (3)(c)—
- (a) any reduction falling to be made under section 635(3)(d) is treated as made against income arising under the settlement in an earlier tax year before income arising under the settlement in a later tax year, and
 - (b) income arising under the settlement in an earlier tax year is treated as taken into account under section 633 before income arising under the settlement in a later tax year.
- (5) For the purposes of subsection (3)(c)—
- (a) the grossed-up amount of any sum is an amount equal to the sum, grossed up by reference to the appropriate rate for each part of the sum, and
 - (b) the amount of tax paid by the trustees on that grossed-up amount is the difference between the grossed-up amount and the sum in question.
- (6) For the purposes of subsection (5)—
- (a) the appropriate rate for any part of a sum is 0% if—
 - (i) the income that falls to be treated in accordance with subsection (4) as representing that part of the sum is income from a source outside the United Kingdom, and
 - (ii) the trustees were non-UK resident for the relevant tax year, and
 - (b) the appropriate rate for any part of a sum in relation to which paragraph (a) does not apply is—
 - (i) 34%, if the relevant tax year is the year 2003-04 or any earlier tax year, ^{F82}...
 - (ii) 40%, if the relevant tax year is the year 2004-05 or any subsequent tax year [^{F83}up to and including the year 2009-2010, ^{F84}...
 - (iii) 50%, if the relevant tax year is the year 2010-2011][^{F85}, 2011-12 or 2012-13, and] .
 - [^{F86}(iv) 45%, if the relevant year is the year 2013-14 or any subsequent tax year.]
- (7) In subsection (6) “the relevant tax year”, in relation to any part of a sum, means the tax year in which the income treated in accordance with subsection (4) as representing that part of the sum arose under the settlement.

Textual Amendments

- F81** Words in s. 640(1)(3)(a) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 559](#) (with transitional provisions and savings in [Sch. 2](#))
- F82** Word in s. 640(6)(b)(i) omitted (with effect in accordance with Sch. 2 para. 25 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 2 para. 20\(a\)](#)
- F83** Words in s. 640(6)(b) inserted (with effect in accordance with Sch. 2 para. 25 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 2 para. 20\(b\)](#)
- F84** Word in s. 640(6)(b)(ii) omitted (with effect in accordance with s. 1(6) of the amending Act) by virtue of [Finance Act 2012 \(c. 14\)](#), [s. 1\(5\)\(a\)](#)
- F85** Words in s. 640(6)(b)(iii) substituted (with effect in accordance with s. 1(6) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [s. 1\(5\)\(b\)](#)
- F86** S. 640(6)(b)(iv) inserted (with effect in accordance with s. 1(6) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [s. 1\(5\)\(c\)](#)

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Capital sums treated as income of settlor: connected bodies

641 Capital sums paid to settlor by body connected with settlement

- (1) This section applies if—
 - (a) a capital sum is paid to the settlor in a tax year by any body corporate connected with the settlement in that year, and
 - (b) an associated payment has been, or is, made directly or indirectly to the body by the trustees of the settlement.
- (2) The capital sum is, in accordance with this section, treated for the purposes of section 633 as having been paid to the settlor by the trustees of the settlement.
- (3) A capital sum to which subsection (2) applies is treated as having been paid to the settlor in the tax year in which it is paid so far as the amount of the sum falls within the total of the associated payment or payments made up to the end of the year.
- (4) A capital sum to which subsection (2) applies is treated as having been paid to the settlor in the following year so far as the amount of the sum—
 - (a) is not treated as paid to the settlor in the year mentioned in subsection (3), and
 - (b) falls within the total of the associated payment or payments made up to the end of the following year (less what was taken into account under subsection (3) in relation to the sum in the previous year).
- (5) Subsection (4) also applies for each subsequent year.
- (6) In its application to a subsequent year—
 - (a) the references to the following year are to the subsequent year,
 - (b) the reference to the year mentioned in subsection (3) is to that year and any other year before the subsequent year, and
 - (c) the reference to what was taken into account under subsection (3) in relation to the sum in the previous year is to what was taken into account under this section in relation to the sum in the previous years.
- (7) See also—

section 642 (exception for certain loans or repayments of loans), and
section 643 (interpretation of sections 641 and 642).

642 Exception for certain loans or repayments of loans

- (1) Section 641 does not apply to any sum paid to the settlor by way of loan or repayment of a loan if conditions A and B are met.
- (2) Condition A is that the whole of the loan is repaid within 12 months of the date on which it was made.
- (3) Condition B is that the period for which amounts are outstanding in respect of relevant loans in any period of 5 years is not more than 12 months.
- (4) In subsection (3) “relevant loans” means loans made—
 - (a) to the settlor by the body corporate connected with the settlement or by any other body corporate so connected, or
 - (b) by the settlor to the body corporate connected with the settlement or to any other body corporate so connected.

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643 Interpretation of sections 641 and 642

- (1) Any question in section 641 or 642 whether a capital sum has been paid—
 - (a) to the settlor by a body corporate, or
 - (b) to a body corporate by the trustees,is determined in the same way as any question under section 633 whether a capital sum has been paid to the settlor by the trustees.
- (2) For the circumstances in which a body corporate is treated for the purposes of this Chapter as connected with a settlement, see section 637(8).
- (3) In section 641 and this section “associated payment”, in relation to any capital sum paid to the settlor by a body corporate, means—
 - (a) any capital sum paid to the body by the trustees of the settlement, and
 - (b) any other sum paid, or asset transferred, to the body by the trustees which is not paid or transferred for full consideration in money or money's worth,being any sum paid, or asset transferred, in the 5 years ending or beginning with the date on which the capital sum is paid to the settlor.
- (4) For the purposes of sections 641 and 642 and this section any capital sum paid by a body corporate, and any associated payment made to a body corporate, at a time when it is (within the meaning of [^{F87}section 449 of CTA 2010]) associated with another body corporate may be treated as paid by, or made to, the other body corporate.

Textual Amendments

F87 Words in s. 643(4) substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 470](#) (with [Sch. 2](#))

[^{F88}Benefits matched with protected foreign-source income

Textual Amendments

F88 Ss. 643A–643N and cross-heading inserted (with effect in accordance with Sch. 10 para. 21 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 11](#) (with [Sch. 10 para. 22](#))

643A Deemed income because of benefits for settlor or close family member

- (1) If an individual has an untaxed benefits total for a settlement for a tax year (see section 643B), an amount equal to so much of that total as does not exceed the settlement's available protected income up to the end of the year (see section 643C) is—
 - (a) where the individual is UK resident for the year, treated for income tax purposes as income of the individual for the year, subject to subsections (2) to (5), and
 - (b) where the individual is non-UK resident for the year, treated for the purposes of subsection (2) and sections 643I to 643L (but no other purpose) as income of the individual for the year, subject to subsection (5).
- (2) Subsections (3) and (4) apply if—

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- (a) an amount (“the deemed income”) is treated by subsection (1), before the application of subsections (3) and (4), as income of an individual for a tax year,
 - (b) the individual is not the settlor,
 - (c) either—
 - (i) the individual is non-UK resident for the year, or
 - (ii) the individual is UK resident for the year and one of sections 809B, 809D and 809E of ITA 2007 (remittance basis) applies to the individual for the year,
 - (d) the settlor is UK resident for the year,
 - (e) there is no time in the year when the settlor is domiciled in the United Kingdom, and
 - (f) there is no time in the year when the settlor is regarded for the purposes of section 809B(1)(b) of ITA 2007 as domiciled in the United Kingdom as a result of section 835BA of ITA 2007 having effect because of Condition A in that section being met.
- (3) If the case is one—
- (a) where the condition in subsection (2)(c)(i) is met, or
 - (b) where the condition in subsection (2)(c)(ii) is met and none of the deemed income is remitted to the United Kingdom in the year,
- the deemed income is to be treated for income tax purposes as income of the settlor for the year and, in a case within paragraph (b), not as income of the individual for the year.
- (4) If the case is one—
- (a) where the condition in subsection (2)(c)(ii) is met, and
 - (b) part only of the deemed income is remitted to the United Kingdom in the year,
- the remainder of the deemed income is to be treated for income tax purposes not as income of the individual for the year but as income of the settlor for the year.
- (5) If there is a choice about the individuals in whose case income is to be treated as arising by subsection (1) (before the application of subsections (3) and (4))—
- (a) income is to be treated as arising to such one or more of them as appears to an officer of Revenue and Customs to be just and reasonable, and
 - (b) if more than one, in such respective proportions as appears to the officer to be just and reasonable.
- (6) Sections 809L to 809Z6 of ITA 2007 (remittance basis: rules about when income is remitted) apply for the purposes of this section.
- (7) If—
- (a) an enactment other than this section contains a reference (however expressed) to—
 - (i) income treated as arising by this section, or
 - (ii) an amount treated as income by this section, and
 - (b) the reference mentions this section without mentioning any particular provision of this section,
- the reference is (in accordance with subsection (1)(b)) to be read as not including amounts treated as income by subsection (1)(b) except so far as they are treated as income of the settlor of a settlement by subsection (3) or (4).

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643B Meaning of “untaxed benefits total” in section 643A

- (1) For the purposes of section 643A, whether an individual has an untaxed benefits total for a settlement for a tax year (“the current year”), and (if so) its amount, are determined as follows—

Step 1 If the individual is the settlor, identify each benefit provided by the trustees to the individual at a time—

- (a) when the individual is not relevantly domiciled, and
- (b) in a tax year that is the current year or an earlier tax year.

If the individual is not the settlor, identify each benefit provided by the trustees to the individual at a time—

- (a) when the individual is a close member of the settlor's family (see section 643H), and
- (b) in a tax year that is the current year or an earlier tax year.

Step 2 Identify the amount or value of each benefit identified in the individual's case at Step 1, and calculate the total of those amounts and values.

Step 3 Take the total calculated at Step 2 and deduct from it the following—

- (a) any part of it on which the individual is liable to income tax otherwise than under section 643A,
- (b) any income treated by section 643A, 643J or 643L as arising, to a person for a tax year earlier than the current year, by reference to any of the benefits identified in the individual's case at Step 1,
- (c) where the whole or part of a benefit identified in the individual's case at Step 1 is taken into account in charging income tax under Chapter 2 of Part 13 of ITA 2007, the amount or value of so much of the benefit as is taken into account in doing that, and
- (d) any amount required to be deducted by section 643D(2) (gains treated as accruing in a year before the current year).

Step 4 If the result of the calculation at Step 3 is an amount greater than nil, that amount is the individual's untaxed benefits total for the settlement for the current year.

- (2) For the purposes of Step 1 in subsection (1), an individual is “relevantly domiciled” at any time if at that time—
- (a) the individual is domiciled in the United Kingdom, or
 - (b) the individual is regarded for the purposes of section 809(1)(b) of ITA 2007 as domiciled in the United Kingdom as a result of section 835BA of ITA 2007 having effect because of Condition A in that section being met.
- (3) Sections 742C to 742E of ITA 2007 (value of certain benefits) apply for the purpose of calculating the value of a benefit for the purposes of this section as they apply for the purpose of calculating an income tax charge under Chapter 2 of Part 13 of ITA 2007.
- (4) In this section and sections 643C to 643M, a reference to a benefit provided by trustees of a settlement is to—
- (a) a benefit treated by subsection (6) as provided by the trustees, or
 - (b) any other benefit if it is provided by the trustees directly, or indirectly, out of—
 - (i) property comprised in the settlement, or
 - (ii) income arising under the settlement.

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- (5) In this section and sections 643C to 643M, a reference to a benefit provided by trustees of a settlement to an individual is to—
- (a) a benefit treated by subsection (6) as provided by the trustees to the individual, or
 - (b) any other benefit if it is provided by the trustees to the individual directly, or indirectly, out of—
 - (i) property comprised in the settlement, or
 - (ii) income arising under the settlement.
- (6) Where—
- (a) income arises under a settlement, and
 - (b) the income, before being distributed, is the income of a person other than the trustees,
- a benefit is for the purposes of subsection (4)(a) treated as provided by the trustees and is for the purposes of subsection (5)(a) treated as provided by the trustees to the person.
- (7) A benefit treated as provided by subsection (6) is treated—
- (a) as consisting of the income mentioned in that subsection, but after any reduction in accordance with Chapter 8 of Part 9 of ITA 2007 for trustees' expenses, and
 - (b) as provided at the time that income arises.

643C Meaning of “available protected income” in section 643A

- (1) For the purposes of the application of section 643A(1) in the case of an individual and a settlement, the settlement has available protected income up to the end of a tax year if—
- $$\text{PFSI} - \text{TOAA} > \text{TI}$$
- and, if the settlement has available protected income up to the end of a tax year, its amount is given by—
- $$\text{PFSI} - \text{TOAA} - \text{TI}$$
- (2) In this section—
- PFSI is the total of—
- (a) any protected foreign-source income—
 - (i) arising under the settlement in the year or in any earlier tax year,
 - (ii) that would be treated under section 624 as income of the settlor but for section 628A,
 - (iii) that can be used directly or indirectly to provide benefits for the individual, and
 - (iv) on which the individual is not liable to income tax (ignoring for this purpose any liability under section 643A), and
 - (b) any protected foreign-source income—
 - (i) arising under the settlement in the year or in any earlier tax year,
 - (ii) that would be treated under section 629 as income of the settlor but for section 630A, and

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- (iii) on which the relevant child concerned (see section 629) is not liable to income tax (ignoring for this purpose any liability under section 643A),

TOAA is so much of PFSI as is, in respect of benefits provided by the trustees in the year or in an earlier tax year, taken into account in charging income tax under Chapter 2 of Part 13 of ITA 2007 (transfer of assets abroad) for the year or any earlier tax year, and

TI is the total of—

- (a) so much of PFSI as is, by reference to benefits provided by the trustees to the individual, treated by section 643A, 643J or 643L as income for any earlier tax year, and
- (b) so much of PFSI as is, by reference to benefits provided by the trustees to other individuals, treated by section 643A, 643J or 643L as income for the year or any earlier tax year.

- (3) As regards the definition of PFSI in subsection (2)—

- (a) section 648(3) to (5) (relevant foreign income treated as arising under settlement only if and when remitted) do not apply for the purposes of that definition,
- (b) that definition has effect as if section 648(3) to (5) do not apply for the purposes of sections 624 and 629, and
- (c) in that definition “protected foreign-source income” has the meaning given by sections 628A(2) to (13) and 628B.

643D Reduction in section 643A income: previous capital gains tax charge

- (1) Subsection (2) applies if—

- (a) in the case of a settlement, benefits provided to an individual as mentioned at Step 1 in section 643B(1) are received in a tax year, and
- (b) chargeable gains are treated by section 87, 87K, 87L or 89(2) of, or paragraph 8 of Schedule 4C to, TCGA 1992 as accruing to a person in that or a subsequent tax year by reference (direct or indirect) to the whole or part of any benefits so provided.

- (2) In the calculation under section 643B of the individual's untaxed benefits total for the settlement for any tax year after the one in which such chargeable gains are so treated, the amounts to be deducted at Step 3(d) of that calculation include the amount of those gains.

- (3) References in this section to chargeable gains treated as accruing to an individual include offshore gains treated as arising to the individual (see regulations 20 and 22 to 24 of the Offshore Funds (Tax) Regulations 2009 (S.I. 2009/3001)).

643E Reimbursement of tax paid by settlor because of section 643A

- (1) Where any tax for which the settlor of a settlement is liable as a result of section 643A(3) or (4) is paid, the settlor is entitled to recover the amount of the tax from the individual concerned.

- (2) For the purpose of recovering that amount, the settlor is entitled to require an officer of Revenue and Customs to give the settlor a certificate specifying—

- (a) the amount of the income concerned, and

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- (b) the amount of tax paid,
 and any such certificate is conclusive evidence of the facts stated in it.

643F Income attributed by section 643A to user of remittance basis

- (1) This section applies where—
- (a) in the case of a settlement, income (“the deemed income”) is treated by section 643A as arising to an individual for a tax year, and
 - (b) section 809B, 809D or 809E of ITA 2007 (remittance basis) applies to the individual for that year.
- (2) The deemed income is treated as relevant foreign income of the individual.
- (3) In the application of section 832 to the deemed income, subsection (2) of that section has effect with the omission of paragraph (b).
- (4) For the purposes of Chapter A1 of Part 14 of ITA 2007 (remittance basis) treat a benefit, or any protected income, that relates to any part of the deemed income as deriving from that part of the deemed income.
- (5) In subsection (4) “relates” has the meaning given by section 643G.
- (6) In this section and section 643G—
- “protected income” means the income that forms PFSI in the calculation of the settlement's available protected income in the case of the relevant individual for the year, and
- “the relevant individual”—
- (a) where the deemed income is treated as income of an individual by section 643A(1)(a) both before and after the application of section 643A(3) and (4), means that individual, and
 - (b) where the deemed income is treated as income of the settlor by section 643A(3) or (4) after having been treated as income of another individual by section 643A(1), means that other individual.

643G Section 643F(4): benefits and income “relating” to deemed income

- (1) In this section—
- (a) references to a step are to a step under section 643B(1) as it applies in the case of the settlement, the year and the relevant individual,
 - (b) “protected income” and “the relevant individual” have the meaning given by section 643F(6), and
 - (c) “the settlement” and “the year” mean, respectively, the settlement and tax year mentioned in section 643F.
- (2) For the purposes of section 643F(4)—
- (a) place the benefits identified at Step 1 in the order in which they were received by the relevant individual (starting with the earliest benefit received),
 - (b) where a deduction is allowed by any of paragraphs (a), (c) and (d) of Step 3 by reference to the whole or part of any of those benefits, reduce the benefit by the amount of the deduction,
 - (c) place the protected income in the order in which it arose (starting with the earliest income to arise),

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- (d) where the whole or part of an item of the protected income is, in respect of benefits provided by the trustees in the year or in any earlier tax year, taken into account in charging income tax under Chapter 2 of Part 13 of ITA 2007 (transfer of assets abroad) for the year or any earlier tax year, reduce the item by so much of itself as is so taken into account,
 - (e) where the whole or part of an item of the protected income is, by reference to benefits provided by the trustees to individuals other than the relevant individual, treated by section 643A or 643J or 643L as income for the year or any earlier tax year, reduce the item by so much of itself as is so treated,”
 - (f) place the income treated by section 643A(1) (before the application of section 643A(3) and (4)) as arising to the relevant individual in respect of the benefits referred to in paragraph (a) in the order in which it is treated as arising (starting with the earliest income treated as having arisen), and
 - (g) treat the income mentioned in paragraph (f) as related to—
 - (i) the benefits referred to in paragraph (a), and
 - (ii) the protected income,by matching the income mentioned in paragraph (f) with those benefits and the protected income (in the orders mentioned in paragraphs (a), (c) and (f)).
- (3) For the purposes of subsection (2)(d), the whole or part of an item of the protected income is to be treated as taken into account in respect of a benefit so far as the item or part—
- (a) is matched under section 735A of ITA 2007 with notional income with which the benefit is matched under that section, or
 - (b) would be matched under that section (if it applied also for this purpose) with notional income with which the benefit would be matched under that section (if it applied also for this purpose),
- and here “notional income” means income which is treated as arising under section 732 of ITA 2007.

643H Meaning of close member of settlor's family in sections 643B to 643M

- (1) For the purposes of sections 643B to 643M, a person is a close member of the family of the settlor of a settlement at any time if the settlor is living at that time and—
- (a) the person is the settlor's spouse or civil partner at that time, or
 - (b) the person—
 - (i) is a child of the settlor, or of a person who at that time is the settlor's spouse or civil partner, and
 - (ii) at that time has not reached the age of 18.
- [^{F89}(2) For the purposes of subsection (1), two people living together as if they were a married couple or civil partners are treated as if they were spouses or civil partners of each other.]

Textual Amendments

F89 S. 643H(2) substituted (2.12.2019) by The Civil Partnership (Opposite-sex Couples) Regulations 2019 (S.I. 2019/1458), reg. 1(2), Sch. 3 para. 27

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643I Recipients of onward gifts

- (1) Sections 643J to 643L apply if—
- (a) in the case of a settlement, an amount—
 - (i) is treated by section 643A(1)(a), both before and after the application of section 643A(3) and (4), as income of an individual (“the original beneficiary”) for a tax year (“the matching year”), or
 - (ii) having been treated by section 643A(1) before the application of section 643A(3) and (4) as income of an individual (“the original beneficiary”) for a tax year (“the matching year”), is treated by section 643A(3) or (4) as income of the settlor for the matching year, or
 - (iii) is treated by section 643A(1)(b), before the application of section 643A(3) and (4), as income of an individual (“the original beneficiary”) for a tax year (“the matching year”) but is not treated by section 643A(3), and is not treated by section 643A(4), as income of the settlor for the matching year,
 - (b) under section 643G (if it applied also for this purpose) the amount would be matched with a benefit provided in the matching year, or an earlier tax year, to the original beneficiary,
 - (c) at the time the benefit is provided to the original beneficiary—
 - (i) there are arrangements, or there is an intention, as regards the (direct or indirect) passing-on of the whole, or part, of the benefit to another person, and
 - (ii) it is reasonable to expect that, in the event of the whole or part of the benefit being passed on to another person as envisaged by the arrangements or intention, that other person will be UK resident when they receive at least part of what is passed on to them,
 - (d) the original beneficiary makes, directly or indirectly, a gift (“the onward payment”) to a person (“the subsequent recipient”)—
 - (i) at the time the benefit is provided to the original beneficiary, or at any later time in the 3 years beginning with the day containing the start time, or
 - (ii) at any time before the benefit is provided to the original beneficiary and, it is reasonable to assume, in anticipation of the benefit being provided,
 - (e) the gift is of or includes—
 - (i) the whole or part of the benefit,
 - (ii) anything that (wholly or in part, and directly or indirectly) derives from, or represents, the whole or part of the benefit, or
 - (iii) any other property, but only if the benefit is provided with a view to enabling or facilitating, or otherwise in connection with, the making of the gift of the property to the subsequent recipient,
 - (f) in a case within paragraph (a)(i), either—
 - (i) the original beneficiary is non-UK resident for the matching year, or
 - (ii) section 809B, 809D or 809E of ITA 2007 (remittance basis) applies to the original beneficiary for the matching year and none of the amount is relevantly remitted in the matching year or in any tax year later than the matching year but not later than the tax year in which the onward payment is made,

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- (g) in a case within paragraph (a)(ii), section 809B, 809D or 809E of ITA 2007 (remittance basis) applies to the settlor for the matching year and none of the amount is relevantly remitted in the matching year or in any tax year later than the matching year but not later than the tax year in which the onward payment is made, and
 - (h) the subsequent recipient—
 - (i) is the settlor, or
 - (ii) is a close member of the settlor's family (see section 643H) at the time the onward payment is made or, where that time is given by subsection (4), at either or both of the time so given and the actual time the onward payment is made.
- (2) Where, in a case within subsection (1)(a)(i) and by reference to the amount mentioned in subsection (1)(a), income is treated by section 643J or 643L as arising to a person for a tax year, the original beneficiary is not liable to tax for any later tax year on so much of the amount mentioned in subsection (1)(a) as is equal to that income; and where, in a case within subsection (1)(a)(ii) and by reference to the amount mentioned in subsection (1)(a), income is treated by section 643J as arising to a person for a tax year, the settlor is not liable to tax for any later tax year on so much of the amount mentioned in subsection (1)(a) as is equal to that income.
- (3) The amount mentioned in subsection (1)(a) need not be—
- (a) the whole amount that in the case of the settlement is treated by section 643A(1), before the application of section 643A(3) and (4), as income of the original beneficiary for the matching year;
 - (b) the whole amount that would be matched with the benefit mentioned in subsection (1)(b).
- (4) Where the onward payment is made as mentioned in subsection (1)(d)(ii), the onward payment is to be treated—
- (a) for the purposes of the provisions of this section following subsection (1)(d), and
 - (b) for the purposes of sections 643J to 643L,
- as made immediately after, and in the tax year in which, the benefit is provided to the original beneficiary.
- (5) For the purposes of subsection (1)(d)(i)—
- (a) if the amount mentioned in subsection (1)(a) is not one that is treated as arising by section 643K, “the start time”—
 - (i) is the time the benefit mentioned in subsection (1)(b) is provided to the original beneficiary, or
 - (ii) where that benefit is one that section 643M(3) treats as provided, is the time the original benefit in that case (see section 643M(1)(a)) is provided, and
 - (b) if the amount mentioned in subsection (1)(a) is one that is treated as arising by section 643K in connection with the operation of this section and section 643K on a previous occasion, “the start time” is the time given by this subsection as the start time on that occasion.
- (6) Where subsection (1)(d) and (e) are met in any case, it is to be presumed (unless the contrary is shown) that subsection (1)(c) is also met in that case.
- (7) In this section (and sections 643J to 643L)—

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“arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable),

“the charging year” means the gift year or, if later, the matching year,

“gift” includes any benefit,

“the gift year” means the tax year in which the onward payment is made (but see subsection (4)),

“make”, in relation to a gift that is a benefit, means confer, and

“relevantly remitted” means remitted to the United Kingdom in a tax year for which the original beneficiary is UK resident but, in a case within subsection (1)(a)(ii), means remitted to the United Kingdom in a tax year for which the settlor is UK resident.

- (8) Sections 742C to 742E of ITA 2007 (value of certain benefits)—
- (a) apply for the purpose of calculating the value of the onward payment for the purposes of sections 643J to 643L as they apply for the purpose of calculating an income tax charge under Chapter 2 of Part 13 of ITA 2007, and
 - (b) apply for that purpose as if their references to a benefit provided were references to a gift made.
- (9) Sections 809L to 809Z6 of ITA 2007 (remittance basis: rules about when income is remitted)—
- (a) apply for the purposes of this section and sections 643J to 643L, and
 - (b) apply for those purposes in relation to references to remittance of the onward payment as if the onward payment were relevant foreign income of the subsequent recipient.

643J Cases where income treated as arising to recipient of onward gift

- (1) Subsection (3) applies if—
- (a) this section applies (see section 643I(1)), and
 - (b) the subsequent recipient is UK resident for the gift year, and
 - (c) the subsequent recipient is UK resident for the matching year if that is later than the gift year, and
 - (d) none of sections 809B, 809D and 809E of ITA 2007 (remittance basis) applies to the subsequent recipient for the charging year.
- (2) Subsection (3) also applies if—
- (a) this section applies (see section 643I(1)), and
 - (b) the subsequent recipient is UK resident for the gift year, and
 - (c) the subsequent recipient is UK resident for the matching year if that is later than the gift year, and
 - (d) section 809B, 809D or 809E of ITA 2007 applies to the subsequent recipient for the charging year, and
 - (e) the whole, or part only, of the onward payment is remitted to the United Kingdom in the charging year.
- (3) For income tax purposes, an amount of income—
- (a) equal to the amount or value of so much of the onward payment as is within any of sub-paragraphs (i) to (iii) of section 643I(1)(e), or

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- (b) where this subsection applies because of subsection (2) and part only of that much of the onward payment is remitted to the United Kingdom in the charging year, equal to the amount or value of that part,
is treated as income of the subsequent recipient for the charging year, subject to subsection (4).
- (4) The amount given by subsection (3) (before adjustment under this subsection) is to be adjusted as follows—
 - (a) deduct any part of the amount on which the subsequent recipient is liable to income tax otherwise than under this section, and
 - (b) if following any adjustment under paragraph (a) the amount exceeds the amount mentioned in section 643I(1)(a), deduct the excess.

643K Cases where deemed income attributed to recipient of onward gift

- (1) Subsection (3) applies if this section applies (see section 643I(1)) and—
 - (a) the subsequent recipient is non-UK resident for the gift year, or
 - (b) the matching year is later than the gift year and the subsequent recipient is UK resident for the gift year but non-UK resident for the matching year.
- (2) Subsection (3) also applies if—
 - (a) this section applies (see section 643I(1)), and
 - (b) the subsequent recipient is UK resident for the gift year, and
 - (c) the subsequent recipient is UK resident for the matching year if that is later than the gift year, and
 - (d) section 809B, 809D or 809E of ITA 2007 applies to the subsequent recipient for the charging year, and
 - (e) none, or part only, of the onward payment is remitted to the United Kingdom in the charging year.
- (3) Section 643I(1)(a) has effect—
 - (a) as if the subsequent recipient were an individual to whom, in the case of the settlement, income is treated by section 643A(1)(a), both before and after the application of section 643A(3) and (4), as arising for the charging year, and
 - (b) as if, subject to subsection (4), the amount of that income—
 - (i) were equal to the amount or value of so much of the onward payment as is within any of sub-paragraphs (i) to (iii) of section 643I(1)(e) and is not treated as arising to the settlor as a result of the operation of section 643L, or
 - (ii) were, where this subsection applies because of subsection (2) and part only of that much of the onward payment is remitted to the United Kingdom in the charging year, equal to the amount or value of the remainder of that much of the onward payment.
- (4) The amount given by subsection (3) (before adjustment under this subsection) is to be adjusted as follows: if that amount exceeds the amount mentioned in section 643I(1) (a) in the case of the original beneficiary, deduct the excess.
- (5) Where the amount mentioned in section 643I(1)(a) is treated as arising by this section in connection with the operation of section 643I and this section on a previous occasion, section 643I(1) has effect—
 - (a) with the omission of its paragraphs (b) and (c),

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- (b) as if the references in its paragraph (d) to the benefit mentioned in its paragraph (b) were, instead, to what was the onward payment on that previous occasion,
- (c) as if the references in its paragraph (d) to when that benefit is provided were, instead, to when that onward payment was made, and
- (d) as if the references in its paragraph (e) to that benefit were, instead, to so much of that onward payment as was on that previous occasion within any of sub-paragraphs (i) to (iii) of that paragraph.

643L Cases where settlor liable following onward gift

- (1) Subsection (3) applies if—
 - (a) this section applies (see section 643I(1)),
 - (b) the subsequent recipient is a close member of the settlor's family (see section 643H) when the onward payment is made,
 - (c) the subsequent recipient is UK resident for the charging year,
 - (d) section 809B, 809D or 809E of ITA 2007 applies to the subsequent recipient for the charging year,
 - (e) none, or part only, of the onward payment is remitted to the United Kingdom in the charging year,
 - (f) there is a time in the charging year when the settlor is UK resident,
 - (g) there is no time in the charging year when the settlor is domiciled in the United Kingdom, and
 - (h) there is no time in the charging year when the settlor is regarded for the purposes of section 809B(1)(b) of ITA 2007 as domiciled in the United Kingdom as a result of section 835BA of ITA 2007 having effect because of Condition A in that section being met.
- (2) Subsection (3) also applies if—
 - (a) this section applies (see section 643I(1)),
 - (b) the subsequent recipient is a close member of the settlor's family when the onward payment is made,
 - (c) the subsequent recipient is non-UK resident for the charging year,
 - (d) there is a time in the charging year when the settlor is UK resident,
 - (e) there is no time in the charging year when the settlor is domiciled in the United Kingdom, and
 - (f) there is no time in the charging year when the settlor is regarded for the purposes of section 809B(1)(b) of ITA 2007 as domiciled in the United Kingdom as a result of section 835BA of ITA 2007 having effect because of Condition A in that section being met.
- (3) For income tax purposes, an amount of income—
 - (a) equal to the amount or value of so much of the onward payment as is within any of sub-paragraphs (i) to (iii) of section 643I(1)(e), or
 - (b) where this subsection applies because of subsection (1) in a case where part only of that much of the onward payment is remitted to the United Kingdom in the charging year, equal to the amount or value of the remainder of that much of the onward payment,
 is treated as arising to the settlor for the charging year, subject to subsection (4).

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- (4) The amount given by subsection (3) (before adjustment under this subsection) is to be adjusted as follows—
- (a) deduct any part of the amount on which the settlor is liable to income tax otherwise than under this section, and
 - (b) if following any adjustment under paragraph (a) the amount exceeds the amount mentioned in section 643I(1)(a), deduct the excess.
- (5) Where any tax for which the settlor is liable as a result of subsections (3) and (4) is paid, the settlor is entitled to recover the amount of the tax from the subsequent recipient.
- (6) For the purpose of recovering that amount, the settlor is entitled to require an officer of Revenue and Customs to give the settlor a certificate specifying—
- (a) the amount of the income concerned, and
 - (b) the amount of tax paid,
- and any such certificate is conclusive evidence of the facts stated in it.

643M Onward gift to settlor or close family member by other recipient

- (1) Subsection (3) applies if—
- (a) the trustees of a settlement provide a benefit (“the original benefit”) to an individual (“the original recipient”),
 - (b) the original recipient is not the settlor,
 - (c) at the time the original benefit is provided, the original recipient is not a close member of the settlor's family (see section 643H),
 - (d) the original recipient is not taxed on the original benefit (see subsection (7)),
 - (e) at the time the original benefit is provided—
 - (i) there are arrangements, or there is an intention, as regards the (direct or indirect) passing-on of the whole, or part, of the original benefit to another person, and
 - (ii) it is reasonable to expect that, in the event of the whole or part of the original benefit being passed on to another person as envisaged by the arrangements or intention, that other person will be UK resident when they receive at least part of what is passed on to them,
 - (f) the original recipient makes, directly or indirectly, a gift (“the onward payment”) to a person (“the subsequent recipient”)—
 - (i) at the time the original benefit is provided to the original recipient, or at any later time in the 3 years beginning with the day containing that time, or
 - (ii) at any time before the original benefit is provided to the original recipient and, it is reasonable to assume, in anticipation of the original benefit being provided,
 - (g) the gift is of or includes—
 - (i) the whole or part of the original benefit,
 - (ii) anything that (wholly or in part, and directly or indirectly) derives from, or represents, the whole or part of the original benefit, or
 - (iii) any other property, but only if the original benefit is provided with a view to enabling or facilitating, or otherwise in connection with, the making of the gift of the property to the subsequent recipient, and
 - (h) the subsequent recipient—

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- (i) is the settlor, or
 - (ii) is a close member of the settlor's family at the time the onward payment is made or, where that time is given by subsection (4), at either or both of the time so given and the actual time the onward payment is made.
- (2) Where—
- (a) there is a series of two or more gifts,
 - (b) the first gift in the series is made, directly or indirectly, by the original recipient—
 - (i) at the time the original benefit is provided, or at any later time in the 3 years beginning with the day containing that time, or
 - (ii) at any time before the original benefit is provided and, it is reasonable to assume, in anticipation of the original benefit being provided,
 - (c) the recipient of a gift in the series is the person who makes, directly or indirectly, the next gift in the series,
 - (d) the recipient of the last gift in the series is the settlor or, at the time that last gift is made, is a close member of the settlor's family,
 - (e) as regards any earlier gift in the series, its recipient—
 - (i) is not the settlor, and
 - (ii) is not, at the time that earlier gift is made, a close member of the settlor's family, and
 - (f) the condition in subsection (1)(g) is met in relation to each gift in the series, the last gift in the series is to be treated for the purposes of subsection (1)(f) as if its maker were the original recipient (and not its actual maker).
- (3) So much of the onward payment as is within any of sub-paragraphs (i) to (iii) of subsection (1)(g) is treated for the purposes of Step 1 in section 643B(1) as a benefit provided by the trustees to the subsequent recipient at the time the onward payment is made.
- (4) Where the onward payment is made as mentioned in subsection (1)(f)(ii), the onward payment is to be treated, for the purposes of subsections (1)(h) and (3), as made immediately after, and in the tax year in which, the original benefit is provided to the original recipient.
- (5) Where subsection (1)(f) to (h) are met in any case, it is to be presumed (unless the contrary is shown) that subsection (1)(e) is also met in that case.
- (6) Where the benefit mentioned in section 643I(1)(b) is one that subsection (3) of this section treats as provided, section 643I(1) has effect with the omission of its paragraph (c).
- (7) For the purposes of subsection (1)(d), the original recipient is taxed on the original benefit if the original recipient is liable to income tax, or capital gains tax, by reference to the amount or value of the original benefit; and where the original recipient is so liable by reference to the amount or value of part only of the original benefit, this section applies as if the two parts of the original benefit were separate benefits.
- (8) In this section—
- “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable),
 - “gift” includes any benefit, and

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“make”, in relation to a gift that is a benefit, means confer,
and see also section 643B(4) to (7) (interpretation of references to provision of benefits by trustees).

643N Person liable under section 643J or 643L and remittance basis applies

- (1) This section applies in relation to income if—
 - (a) the income is treated as arising to an individual for a tax year—
 - (i) by section 643J(3) and (4) where section 643J(3) applies because of section 643J(2), or
 - (ii) by section 643L, and
 - (b) section 809B, 809D or 809E of ITA 2007 (remittance basis) applies to the individual for that year.
- (2) The income is treated as relevant foreign income of the individual.
- (3) For the purposes of Chapter A1 of Part 14 of ITA 2007 (remittance basis) treat the onward payment, or (as the case may be) the part of it whose amount or value is equal to the amount of the income, as deriving from the income.
- (4) In the application of section 832 in relation to the income, subsection (2) of that section has effect with the omission of its paragraph (b).]

Settlements by two or more settlors

644 Application to settlements by two or more settlors

- (1) In the case of a settlement where there is more than one settlor, this Chapter has effect in relation to each settlor as if that settlor were the only settlor.
- (2) This works as follows.
- (3) In this Chapter, in relation to a settlor—
 - (a) references to the property comprised in a settlement include only property originating from the settlor, and
 - (b) references to income arising under the settlement include only income originating from the settlor.
- (4) For the purposes of sections 629, 631 and 632 only the following are taken into account in relation to a child of the settlor—
 - (a) income originating from the settlor, and
 - (b) in a case in which section 631 applies, payments which under that section (as adapted by subsection (5) below) are treated as payments of income.
- (5) In applying section 631 to a settlor—
 - (a) the reference to income arising under the settlement includes only income originating from the settlor, and
 - (b) the reference to any payment made in connection with the settlement includes only a payment made out of property originating from the settlor or income originating from the settlor.
- (6) See section 645 for the meaning of references in this section to property or income originating from a settlor.

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645 Property or income originating from settlor

- (1) References in [F90 sections 628A and] 644 to property originating from a settlor are references to—
- (a) property which the settlor has provided directly or indirectly for the purposes of the settlement,
 - (b) property representing property so provided, and
 - (c) so much of any property which represents both property so provided and other property as, on a just and reasonable apportionment, represents the property so provided.
- (2) References in [F91 sections 627 and 644] to income originating from a settlor are references to—
- (a) income from property originating from the settlor, and
 - (b) income provided directly or indirectly by the settlor.
- (3) In this section references to property or income which a settlor has provided directly or indirectly—
- (a) include references to property or income which has been provided directly or indirectly by another person under reciprocal arrangements with the settlor, but
 - (b) do not include references to property or income which the settlor has provided directly or indirectly under reciprocal arrangements with another person.
- (4) In this section references to property which represents other property include references to property which represents accumulated income from the other property.

Textual Amendments

- F90** Words in s. 645(1) substituted (16.11.2017) (with effect in accordance with Sch. 8 para. 39 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **Sch. 8 para. 26**
- F91** Words in s. 645(2) substituted (with effect in accordance with s. 12(4) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), **s. 12(3)**

Other supplementary provisions

646 Adjustments between settlor and trustees etc.

- (1) A settlor is entitled to recover from—
- (a) any trustee, or
 - (b) any other person to whom the income is payable in connection with the settlement,
- the amount of any tax paid by the settlor which became chargeable on the settlor under section 624 or 629.
- (2) For this purpose, the settlor may require [F92 an officer of Revenue and Customs] to provide the settlor with a certificate specifying—
- (a) the amount of income in respect of which the settlor has so paid tax, and
 - (b) the amount of tax so paid.

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- (3) A certificate provided under subsection (2) is conclusive evidence of the facts stated in it.
- [^{F93}(4) Subsection (5) applies if a settlor chargeable to tax under section 624 or 629 obtains a repayment by reason of the payment of the tax by—
- (a) any trustee, or
 - (b) any other person to whom the income is payable by virtue of or as a result of the settlement.]
- (5) The settlor must pay an amount equal to the [^{F94}repayment] to—
- (a) the trustee, or
 - (b) the other person to whom the income is payable by virtue of or as a result of the settlement.
- (6) If there are two or more such persons, the amount must be apportioned among them as the case may require.
- [^{F95}(6A) For the purpose of subsection (5), the settlor may require an officer of Revenue and Customs to provide the settlor with a certificate specifying—
- (a) that the settlor has obtained a repayment as mentioned in subsection (4), and
 - (b) the amount of the repayment.
- (6B) A certificate provided under subsection (6A) is conclusive evidence of the facts stated in it.]
- (7) [^{F96}Subject to subsections (6A) and (6B), any] question as to—
- (a) the amount of a payment under subsection (5), or
 - (b) an apportionment to be made under subsection (6),
- is to be decided by the [^{F97}tribunal and, notwithstanding the provisions of sections 11 and 13 of the Tribunals, Courts and Enforcement Act 2007, the decision of the tribunal is final].
- (8) Nothing in sections 624 to 632 is to be read as excluding a charge to tax on the trustees as persons by whom any income is received.

Textual Amendments

- F92** Words in s. 646(2) substituted (18.4.2005) by Commissioners for Revenue and Customs Act 2005 ss. 50, 53(1), {Sch. 4 para. 132(1)}; [S.I. 2005/1126, art. 2\(h\)](#)
- F93** S. 646(4) substituted (16.12.2010) (with effect in accordance with s. 7(6) of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\), s. 7\(2\)](#)
- F94** Word in s. 646(5) substituted (16.12.2010) (with effect in accordance with s. 7(6) of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\), s. 7\(3\)](#)
- F95** S. 646(6A)(6B) inserted (16.12.2010) (with effect in accordance with s. 7(6) of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\), s. 7\(4\)](#)
- F96** Words in s. 646(7) substituted (16.12.2010) (with effect in accordance with s. 7(6) of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\), s. 7\(5\)](#)
- F97** Words in s. 646(7) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\), art. 1\(2\), Sch. 1 para. 441](#)

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[^{F98}646A Trustees' expenses to be rateably apportioned

- (1) This section applies if—
 - (a) in a tax year qualifying income arises under a UK settlement, and
 - (b) the qualifying income consists of charitable income and non-charitable income.
- (2) If expenses of the trustees are to be set against the charitable income by virtue of section 484 of ITA 2007, the amount of those expenses which can be used for that purpose is limited to the amount allocated to the charitable income.
- (3) If—
 - (a) Chapter 8 of Part 9 of ITA 2007 applies in relation to the charitable income, and
 - (b) expenses of the trustees are to be used to reduce the charitable income for income tax purposes,
 the amount of those expenses which can be used for that purpose is limited to the amount allocated to the charitable income.
- (4) For the purposes of subsections (2) and (3) the amount of the expenses allocated to the charitable income is determined by apportioning them rateably between the charitable income and the non-charitable income.
- (5) In this section—
 - “charitable income” means income within section 628(1) or 630(1),
 - “non-charitable income” means income which is not charitable income, and
 - “qualifying income” and “UK settlement” have the same meaning as in section 628.]

Textual Amendments

F98 S. 646A inserted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by *Income Tax Act 2007* (c. 3), ss. 1027, 1034, **Sch. 1 para. 560** (with transitional provisions and savings in Sch. 2)

^{F99}647 Power to obtain information

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Textual Amendments

F99 S. 647 omitted (with effect in accordance with Sch. 23 para. 65 of the amending Act) by virtue of *Finance Act 2011* (c. 11), **Sch. 23 paras. 57(3), 65(1)(a)** (with Sch. 23 paras. 50, 65(1)(b))

648 Income arising under a settlement

- (1) References in this Chapter to income arising under a settlement include—
 - (a) any income chargeable to income tax by deduction or otherwise, and
 - (b) any income which would have been so chargeable if it had been received in the United Kingdom by a person domiciled [^{F100} and resident] there.

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- [^{F101}(2) But if, in a tax year, the settlor is not UK resident, references in this Chapter to income arising under a settlement do not include income arising under the settlement in that tax year in respect of which the settlor, if actually entitled to it, would not be chargeable to income tax by deduction or otherwise because of not being UK resident.
- (3) And if, for a tax year, section 809B, 809D or 809E of ITA 2007 (remittance basis) applies to the settlor, references in this Chapter to income arising under a settlement include in relation to any relevant foreign income arising under the settlement in that tax year only such of it as is remitted to the United Kingdom (in that tax year or any subsequent tax year) in circumstances such that, if the settlor remitted it, the settlor would be chargeable to income tax.
- (4) See Chapter A1 of Part 14 of ITA 2007 for the meaning of “remitted to the United Kingdom” etc.
- (5) Where subsection (3) applies the remitted income is treated for the purposes of this Chapter as arising under the settlement in the tax year in which it is remitted.]

Textual Amendments

F100 Words in s. 648(1)(b) substituted (with effect in accordance with Sch. 46 para. 72 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 49](#)

F101 S. 648(2)-(5) substituted (retrospective to 21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 27 paras. 13, 15\(2\)](#)

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 7A-7D inserted by [2022 c. 3 Sch. 1 para. 3](#)
- s. 31E(4) inserted by [2022 c. 3 Sch. 1 para. 7\(3\)](#)
- s. 649(1A)(1B) inserted by [2023 c. 30 Sch. 2 para. 11\(2\)](#)
- s. 679(3A) inserted by [2023 c. 30 Sch. 2 para. 11\(5\)\(b\)](#)
- s. 679A(3A) inserted by [2023 c. 30 Sch. 2 para. 11\(6\)\(b\)](#)
- s. 680(1A) inserted by [2023 c. 30 Sch. 2 para. 11\(7\)\(a\)](#)