

*These notes refer to the Income Tax (Trading and Other Income)
Act 2005 (c.5) which received Royal Assent on 24 March 2005*

INCOME TAX (TRADING AND OTHER INCOME) ACT 2005

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 1: Overview

Section 1: Overview of Act

26. This section summarises the charges to tax and other matters covered in the Act. It is new.
27. The charges are grouped in the four Parts listed in *subsection (1)*.
28. The section also provides, in *subsection (2)*, the link to the general charge to income tax in section 1(1) of ICTA.
29. *Subsection (3)* explains that exemptions from the charges are located in a separate Part but there are signposts in the charging Parts to the exempt provisions most likely to apply to a particular charge.

Section 2: Overview of priority rules

30. This section provides an overview of the sections in the Act containing the rules for deciding which charge takes priority where two charges could apply. It is new. The priority rules are located at the start of each Part immediately after the opening “overview” section.
31. *Subsection (3)* recognises that it is necessary to look at the scope of the charging provisions as well as the priority rules. It is also a pointer to ITEPA and to case law.