

*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

Schedule 2: Transitionals and savings etc.

Part 6: Savings and investment income: insurance contracts and policies made before certain dates

Paragraph 118: Pre-1st January 2005 contracts for immediate needs annuities: income tax treated as paid

3646. FA 2004 placed certain annuities in a different category, for the purposes of the tax charge on insurance companies, and provided an exemption from income tax on the annuity payments (see section 725 of this Act). This paragraph ensures that any such annuities in existence at the beginning of 2005 do not, by reason of the change to the taxation rules for insurance companies, lose entitlement to the income tax allowance under section 530. It is based on section 147 of FA 2004.