

*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 2: Trading income

Chapter 8: Trade profits: Herd basis rules

Section 125: Five year gap in which no production herd kept

518. This section deals with the case where there is a period of at least five years when the farmer does not keep a production herd of the particular class for which he or she has made a herd basis election. It is based on paragraph 4 of Schedule 5 to ICTA.
519. *Subsection (2)* explains the consequences for the herd basis rules if the farmer starts to keep another production herd of the same class after the end of the five year period. See *Change 36* in Annex 1.