

*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 4: Savings and investment income

Chapter 4: Dividends from non-UK resident companies

Section 403: Income charged

1635. This section sets out the amount charged to tax and is based on section 65(1) of ICTA.
1636. *Subsection (1)* charges tax on the full amount of the dividends arising in the tax year. The term “arising” has been retained (see the commentary on income charged in Chapter 2 of Part 4 of this Act). The arising basis is different from the paid basis which applies to the charge to tax on dividends and other distributions from UK resident companies (for a discussion of the paid basis see the commentary on Chapter 3 of Part 4 of this Act) and, given they do not mean exactly the same, “paid” has not been used in this context.
1637. *Subsection (2)* makes the basis of assessment in subsection (1) subject to the SIPs rules and Part 8 of this Act. Part 8 contains the special rules which apply to foreign income (see further the commentary on Part 8 of this Act).