

*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 6: Exempt income

Chapter 8: Other Annual Payments

Section 738: Risk of significant loss

2822. This section contains the second of the four conditions referred to in section 735(1)(c) and this condition must be satisfied by all health or employment insurance policies. It is based on section 580A of ICTA.
2823. *Subsections (1) and (2)* require that the policy, taking into account investment returns on premiums, should involve the insurer in genuine commercial risk.