



# Income Tax (Trading and Other Income) Act 2005

## 2005 CHAPTER 5

### PART 1

#### OVERVIEW

#### 1 Overview of Act

- (1) This Act imposes charges to income tax under—
  - (a) Part 2 (trading income),
  - (b) Part 3 (property income),
  - (c) Part 4 (savings and investment income), and
  - (d) Part 5 (certain miscellaneous income).
- (2) <sup>F1</sup> .....
- (3) Exemptions from those charges are dealt with in Part 6 (exempt income) but any Part 6 exemptions which are most obviously relevant to particular types of income are also mentioned in the provisions about those types of income.
- (4) What is or is not mentioned in those provisions does not limit the effect of Part 6.
- (5) This Act also contains—
  - <sup>F2</sup>(za) provision about a trading allowance and property allowance (see Part 6A),
  - (a) provision about rent-a-room relief and [<sup>F3</sup>qualifying care] relief (see Part 7),
  - (b) special rules for foreign income (see Part 8),
  - (c) special rules for partnerships (see Part 9), and
  - (d) certain calculation rules and general provisions (see Part 10).
- (6) For abbreviations and defined expressions used in this Act, see section 885 and Schedule 4.

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**Changes to legislation:** There are outstanding changes not yet made by the legislation.gov.uk editorial team to Income Tax (Trading and Other Income) Act 2005. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

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### Textual Amendments

- F1** S. 1(2) repealed (6.4.2007 with effect as noted in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1031, 1034, [Sch. 1 para. 493](#), [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))
- F2** [S. 1\(5\)\(za\)](#) inserted (16.11.2017) (with effect in accordance with [Sch. 3 para. 13](#) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 3 para. 3](#)
- F3** Words in s. 1(5) substituted (16.12.2010) (with effect in accordance with [Sch. 1 para. 36](#) of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 1 para. 31](#) (with [Sch. 1 para. 37](#))

## 2 Overview of priority rules

- (1) This Act contains some rules establishing an order of priority in respect of certain amounts which would otherwise—
- (a) fall within a charge to income tax under two or more Chapters or Parts of this Act, or
  - (b) fall within a charge to income tax under a Chapter or Part of this Act and ITEPA 2003.
- (2) See, in particular—
- section 4 (provisions which must be given priority over Part 2),
  - section 261 (provisions which must be given priority over Part 3),
  - section 262 (priority between Chapters within Part 3),
  - section 366 (provisions which must be given priority over Part 4),
  - section 367 (priority between Chapters within Part 4),
  - section 575 (provisions which must be given priority over Part 5), and
  - section 576 (priority between Chapters within Part 5).
- (3) But the rules in those sections need to be read with other rules of law (whether in this Act or otherwise) about the scope of particular provisions or the order of priority to be given to them.
- (4) Section 171(2) of FA 1993 (profits of Lloyd's underwriters charged only under Chapter 2 of Part 2 of this Act) [<sup>F4</sup>and sections 16A (voluntary office-holders: compensation for lost profits), 16B (payments to company directors) and 16C (professionals in practice: incidental income from an office or employment) of this Act are each an example] of another rule of law.

### Textual Amendments

- F4** Words in s. 2(4) substituted (6.4.2018) by [The Enactment of Extra-Statutory Concessions Order 2018 \(S.I. 2018/282\)](#), arts. 1, [3\(2\)](#)

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 7A-7D inserted by [2022 c. 3 Sch. 1 para. 3](#)
- s. 31E(4) inserted by [2022 c. 3 Sch. 1 para. 7\(3\)](#)
- s. 649(1A)(1B) inserted by [2023 c. 30 Sch. 2 para. 11\(2\)](#)
- s. 679(3A) inserted by [2023 c. 30 Sch. 2 para. 11\(5\)\(b\)](#)
- s. 679A(3A) inserted by [2023 c. 30 Sch. 2 para. 11\(6\)\(b\)](#)
- s. 680(1A) inserted by [2023 c. 30 Sch. 2 para. 11\(7\)\(a\)](#)