

*Status: Point in time view as at 21/07/2009.*

**Changes to legislation:** Income Tax (Trading and Other Income) Act 2005, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

# SCHEDULES

## SCHEDULE 1

Section 882

### CONSEQUENTIAL AMENDMENTS

#### PART 1

#### INCOME AND CORPORATION TAXES ACT 1988

1 The Income and Corporation Taxes Act 1988 (c. 1) is amended as follows.

2 F1 .....

#### Textual Amendments

F1 Sch. 1 paras. 2-4 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

3 F2 .....

#### Textual Amendments

F2 Sch. 1 paras. 2-4 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

4 F3 .....

#### Textual Amendments

F3 Sch. 1 paras. 2-4 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

5 In section 4 (construction of references in Income Tax Acts to deduction of tax), omit subsection (1B).

F4 6 .....

#### Textual Amendments

F4 Sch. 1 para. 6 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

F5 7 .....

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**Textual Amendments**

**F5** Sch. 1 para. 7 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

- 8 (1) Amend section 15 (Schedule A) as follows.
  - (2) In subsection (1A)—
    - (a) in paragraph (b) for “within the charge to income tax under Schedule A” substitute “the profits of a UK property business within the charge to income tax under Chapter 3 of Part 3 of ITTOIA 2005 ”, and
    - (b) for “as separate Schedule A businesses” substitute “ for the purposes of those charges as separate businesses ”.
  - (3) Before subsection (4) insert—
    - “(3A) Subsection (1) applies for corporation tax purposes (and does not apply for income tax purposes except so far as necessary to ensure its application for corporation tax purposes by virtue of section 9).”
  - (4) In subsection (4) at the end insert “ and under Chapter 3 of Part 3 of ITTOIA 2005 (profits of a property business) ”.
- 9 (1) Amend section 18 (Schedule D) as follows.
  - <sup>F6</sup>(2) .....
  - <sup>F6</sup>(3) .....
  - (4) Omit subsection (6).

**Textual Amendments**

**F6** Sch. 1 para. 9(2)(3) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

- 10 Omit section 20 (Schedule F).
- 11 Omit section 21 (persons chargeable and basis of assessment under Schedule A).
- 12 (1) Amend section 21A (computation of amount chargeable under Schedule A) as follows.
  - (2) In subsection (2) omit “sections 112 and 113 of that Act (expenditure in connection with provision of security asset or service);”.
  - (3) In subsection (4)—
    - (a) omit “section 82 (interest paid to non-residents),” and
    - (b) omit “section 96 (farming and market gardening: relief for fluctuating profits),”.
- 13 In section 21B (application of other rules applicable to Case I of Schedule D)—
  - (a) omit “, 108, 109A”,

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- (b) after “(post-cessation receipts and expenses, etc)” insert “ , with any reference to a trade within the charge to income tax being read as a reference to a UK property business ”, and
  - (c) omit “section 113 (effect for income tax purposes of change in the persons engaged on trade);”.
- 14 In section 21C (the Schedule A charge and mutual business)—
- (a) in subsection (1) after “the charge to” insert “ corporation ”, and
  - (b) in subsection (4) from the beginning to “the person who would” substitute “ The company to which the profit arises is the company which would ”.
- 15 (1) Amend section 30 (expenditure on making sea walls) as follows.
- (2) In subsection (1) for “he shall be” substitute “ that person shall be ”.
  - (3) In subsection (2) for “he would be” substitute “ that person would be ”.
  - (4) After that subsection insert—
    - “(2A) If—
    - (a) the transferor is a company within the charge to corporation tax and the transferee is a person within the charge to income tax, or
    - (b) the transferor is a person within the charge to income tax and the transferee is a company within the charge to corporation tax,subsection (2) above shall apply only for the purpose of determining the amount of the payment which the company is treated as making in any year of assessment.
- For any entitlement of the person within the charge to income tax to a deduction for any of the expenditure, see sections 316 and 318 of ITTOIA 2005 (corresponding income tax provision).”
- 16 Omit sections 31A and 31B (deductions for expenditure by landlords on energy-saving items).
- F<sup>7</sup>17 .....

**Textual Amendments**

**F7** Sch. 1 paras. 17-23 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F<sup>7</sup>18 .....

**Textual Amendments**

**F7** Sch. 1 paras. 17-23 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F<sup>7</sup>19 .....

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**Textual Amendments**

**F7** Sch. 1 paras. 17-23 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

<sup>F7</sup>20 .....

**Textual Amendments**

**F7** Sch. 1 paras. 17-23 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

<sup>F7</sup>21 .....

**Textual Amendments**

**F7** Sch. 1 paras. 17-23 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

<sup>F7</sup>22 .....

**Textual Amendments**

**F7** Sch. 1 paras. 17-23 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

<sup>F7</sup>23 .....

**Textual Amendments**

**F7** Sch. 1 paras. 17-23 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

24 (1) Amend section 42 (appeals against determinations under sections 34 to 36) as follows.

(2) In subsection (1)—

(a) after “determination of” insert “—

(a) ”,

(b) for “to tax” substitute “ to corporation tax ”, and

(c) after “35 or 36” insert “, or

(b) any amount that under Chapter 4 of Part 3 of ITTOIA 2005 (profits of property businesses: lease premiums etc.) is brought into account as a receipt in calculating the profits of a property business (within the meaning of that Act),”.

(3) At the end of the side-note insert “ or Chapter 4 of Part 3 of ITTOIA 2005 ”.

25 <sup>F8</sup> .....

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**Textual Amendments**

**F8** Sch. 1 para. 25 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

26 **F9** .....

**Textual Amendments**

**F9** Sch. 1 paras. 26-30 repealed (with effect as mentioned in [Sch. 6](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 178, {[Sch. 26 Pt. 3\(12\)](#) Note}

27 **F10** .....

**Textual Amendments**

**F10** Sch. 1 paras. 26-30 repealed (with effect as mentioned in [Sch. 6](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 178, {[Sch. 26 Pt. 3\(12\)](#) Note}

28 **F11** .....

**Textual Amendments**

**F11** Sch. 1 paras. 26-30 repealed (with effect as mentioned in [Sch. 6](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 178, {[Sch. 26 Pt. 3\(12\)](#) Note}

29 **F12** .....

**Textual Amendments**

**F12** Sch. 1 paras. 26-30 repealed (with effect as mentioned in [Sch. 6](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 178, {[Sch. 26 Pt. 3\(12\)](#) Note}

30 **F13** .....

**Textual Amendments**

**F13** Sch. 1 paras. 26-30 repealed (with effect as mentioned in [Sch. 6](#) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 178, {[Sch. 26 Pt. 3\(12\)](#) Note}

**F14**31 .....

**Textual Amendments**

**F14** Sch. 1 para. 31 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

32 (1) Amend section 53 (farming and other commercial occupation of land (except woodlands)) as follows.

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- (2) In subsection (1) after “charged to” insert “ corporation ”.
- (3) In subsection (2)—
  - (a) for “person or partnership or body of persons” substitute “ company or partnership ”, and
  - (b) after “trade” insert “ for corporation tax purposes ”.
- (4) In subsection (3) after “charged to” insert “ corporation ”.
- 33 In section 55(1) (mines, quarries and other concerns) after “charged to” insert “ corporation ”.
- 34 (1) Amend section 56 (transactions in deposits with and without certificates or in debts) as follows.
  - (2) In subsection (2)—
    - (a) for “person”, in the first place where it occurs, substitute “ company ”, and
    - <sup>F15</sup>(b) .....
  - (3) In subsection (3)
    - (a) for “does” substitute “ and section 551 of ITTOIA 2005 (charge to income tax on profits from disposal of deposit rights) do ”, and
    - (b) in paragraph (a) for “person” substitute “ company ”.

**Textual Amendments**  
**F15** Sch. 1 para. 34(2)(b) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

- 35 (1) Amend section 59 (persons chargeable: Schedule D) as follows.
  - (2) Omit subsections (1) and (2).
  - (3) In subsection (3)—
    - (a) for “that section” substitute “ section 12 of ITTOIA 2005 ”, and
    - (b) omit “under Schedule D”.
  - (4) In subsection (4) for “Subsections (1) to (3)” substitute “ Subsection (3) ”.
- 36 Omit sections 60 to 63A (basis of assessment for income tax: Cases I and II of Schedule D).
- 37 Omit section 64 (Case III assessments).
- 38 Omit section 65 (Cases IV and V assessments: general).
- 39 Omit section 65A (Case V income from land outside UK: income tax).
- 40 Omit section 68 (special rules where property etc. situated in Republic of Ireland).
- 41 Omit sections 68A to 68C (share incentive plans).
- 42 Omit section 69 (Case VI assessments).
- 43 Omit section 71 (computation of income tax where no profits in year of assessment).
- <sup>F16</sup>44 .....

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**Textual Amendments**

**F16** Sch. 1 para. 44 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

- 45 In section 74(1) (general rules as to deductions not allowable)—
- (a) for “the Tax Acts” substitute “ the Corporation Tax Acts ”,
  - (b) after “computing the amount of the profits to be charged” insert “ to corporation tax ”,
  - (c) for “, profession or vocation”, in each place where it occurs, substitute “ or profession ”,
  - (d) omit paragraph (b),
  - (e) in paragraph (j) for “his” substitute “ the creditor's ”, and
  - (f) omit paragraph (o).

<sup>F17</sup>46 .....

**Textual Amendments**

**F17** Sch. 1 para. 46 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

- 47 Omit section 77 (incidental costs of obtaining loan finance).

<sup>F18</sup>48 .....

**Textual Amendments**

**F18** Sch. 1 paras. 48-50 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

<sup>F18</sup>49 .....

**Textual Amendments**

**F18** Sch. 1 paras. 48-50 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

<sup>F18</sup>50 .....

**Textual Amendments**

**F18** Sch. 1 paras. 48-50 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

- 51 Omit section 80 (expenses connected with foreign trades etc).
- 52 Omit section 81 (travel between trades etc).
- 53 Omit section 82 (interest paid to non-residents).
- 54 In section 82A(1) (expenditure on research and development)—

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- (a) for “person” substitute “ company ”,
  - (b) for “by him or on his behalf” substitute “ by the company or on the company's behalf ”, and
  - (c) before “tax” insert “ corporation ”.
- 55 In section 82B(1) (payments to research associations, universities etc.)—
- (a) for “person” substitute “ company ”,
  - (b) <sup>F19</sup> . . . . .
  - (c) before “tax” insert “ corporation ”.

#### Textual Amendments

**F19** Sch. 1 para. 55(b) repealed (with effect as mentioned in s. 15 of the amending Act) by Finance (No. 2) Act 2005 (c. 22), s. 70, {Sch. 11 Pt. 2(2) Note 2}

- 56 In section 83 (patent fees etc. and expenses) after “the profits of a trade” insert “ for the purposes of corporation tax ”.
- 57 (1) Amend section 83A (gifts in kind to charities etc.) as follows.
- (2) In subsection (1) for “a person carrying on a trade, profession or vocation” substitute “ a company carrying on a trade or profession ”.
  - (3) In subsection (2) for “the donor in the course of his trade” substitute “ the company in the course of its trade ”.
  - (4) In subsection (3)—
    - (a) for “the donor's” substitute “ the company's ”,
    - (b) for “the purposes of the Tax Acts” substitute “ corporation tax purposes ”, and
    - (c) for “the donor” substitute “ the company ”.
  - (5) In subsection (4)—
    - (a) after “in respect of the gift of an article” insert “ made by a company ”,
    - (b) for “chargeable period”, in both places where it occurs, substitute “ accounting period ”,
    - (c) for “the donor or any person connected with him” substitute “ the company or any person connected with the company ”,
    - (d) for “the donor shall” substitute “ the company shall ”,
    - (e) before “tax”, in both places where it occurs, insert “ corporation ”, and
    - (f) for “he” substitute “ the company ”.
- 58 (1) Amend section 84 (gifts to educational establishments) as follows.
- (2) In subsection (1)—
    - (a) for “a person carrying on a trade, profession or vocation” substitute “ a company carrying on a trade or profession ”, and
    - (b) for “his trade” substitute “ its trade ”.
  - (3) In subsection (3)—
    - (a) for “the purposes of the Tax Acts” substitute “ corporation tax purposes ”, and
    - (b) for “his disposal” substitute “ its disposal ”.



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(4) In subsection (3A) for “above is—” to the end substitute “ the period of two years beginning at the end of the accounting period in which the gift is made. ”

(5) Omit subsection (3B).

(6) In subsection (4)—

- (a) after “in respect of the gift of an article” insert “ made by the donor ”,
- (b) for “chargeable period”, in both places where it occurs, substitute “ accounting period ”,
- (c) for “him” substitute “ the donor ”,
- (d) before “tax”, in both places where it occurs, insert “ corporation ”, and
- (e) for “he” substitute “ the donor ”.

59 In section 84A(2)(a) (costs of establishing share option or profit sharing schemes: relief) after “Schedule D” insert “ or Part 2 of ITTOIA 2005 ”.

F20 60 .....

**Textual Amendments**

**F20** Sch. 1 para. 60 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

61 In section 86A (charitable donations: contributions to agent's expenses) —

- (a) in subsection (1) for “a person” substitute “ a company ”, and
- (b) in subsection (2)(a) for “, profession or vocation” substitute “ or profession ”.

F21 62 .....

**Textual Amendments**

**F21** Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F21 63 .....

**Textual Amendments**

**F21** Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F21 64 .....

**Textual Amendments**

**F21** Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F21 65 .....

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**Textual Amendments**

**F21** Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F21**66 .....

**Textual Amendments**

**F21** Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F21**67 .....

**Textual Amendments**

**F21** Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F21**68 .....

**Textual Amendments**

**F21** Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F21**69 .....

**Textual Amendments**

**F21** Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F21**70 .....

**Textual Amendments**

**F21** Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F21**71 .....

**Textual Amendments**

**F21** Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F21**72 .....

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**Textual Amendments**

**F21** Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F21**73 .....

**Textual Amendments**

**F21** Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F21**74 .....

**Textual Amendments**

**F21** Sch. 1 paras. 62-74 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

75 Omit section 95A (creative artists: relief for fluctuating profits).

76 Omit section 96 (farming and market gardening: relief for fluctuating profits).

**F22**77 .....

**Textual Amendments**

**F22** Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F22**78 .....

**Textual Amendments**

**F22** Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F22**79 .....

**Textual Amendments**

**F22** Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F22**80 .....

**Textual Amendments**

**F22** Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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F2281 .....

**Textual Amendments**  
F22 Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2282 .....

**Textual Amendments**  
F22 Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2283 .....

**Textual Amendments**  
F22 Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2284 .....

**Textual Amendments**  
F22 Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F2285 .....

**Textual Amendments**  
F22 Sch. 1 paras. 77-85 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

86 Omit section 107 (treatment of receipts as earned income).

87 Omit section 108 (election for carry-back).

88 Omit section 109 (charge under section 104: relief for individuals born before 6th April 1917).

89 (1) Amend section 109A (relief for post-cessation expenditure) as follows.

(2) Omit subsection (3).

(3) In subsection (4) omit the unnumbered paragraph beginning with “If any sum”.

(4) In subsection (4A) omit the unnumbered paragraph beginning with “If any sum”.

(5) F23 .....

(6) F23 .....

*Status: Point in time view as at 21/07/2009.*

**Changes to legislation:** Income Tax (Trading and Other Income) Act 2005, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

**Textual Amendments**

**F23** Sch. 1 para. 89(5)(6) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

**F24**90 .....

**Textual Amendments**

**F24** Sch. 1 para. 90 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

91 Omit section 110A (change of residence) and the italic cross-heading before it.

**F25**92 .....

**Textual Amendments**

**F25** Sch. 1 para. 92 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

93 Omit section 112 (partnerships controlled abroad).

94 Omit section 113 (effect for income tax of change in ownership of trade, profession or vocation).

**F26**95 .....

**Textual Amendments**

**F26** Sch. 1 para. 95 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

96 In section 116(4) (arrangements for transferring relief) before “tax” insert “corporation”.

**F27**97 .....

**Textual Amendments**

**F27** Sch. 1 para. 97 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

98 **F28** .....

**Textual Amendments**

**F28** Sch. 1 paras. 98-102 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

99 **F29** .....

*Status: Point in time view as at 21/07/2009.*

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#### Textual Amendments

**F29** Sch. 1 paras. 98-102 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

100 **F30** .....

#### Textual Amendments

**F30** Sch. 1 paras. 98-102 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

101 **F31** .....

#### Textual Amendments

**F31** Sch. 1 paras. 98-102 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

102 **F32** .....

#### Textual Amendments

**F32** Sch. 1 paras. 98-102 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

103 In section 119(1) (rent etc. payable in connection with mines, quarries and similar concerns) after “charged to” insert “corporation”.

104 In section 120 (rent etc. payable in respect of electric line wayleaves)—  
 (a) in subsection (1) after “charged to” insert “corporation”,  
 (b) in subsection (1A) for “chargeable period” substitute “accounting period”, and  
 (c) in subsection (1A) after “charged to”, in both places where it occurs, insert “corporation”.

105 In section 121 (management expenses of owner or mineral rights) omit subsection (1).

106 (1) Amend section 122 (relief in respect of mineral royalties) as follows.

(2) In subsection (1)—

- (a) for the words from “a person resident” to “year of assessment or” substitute “a company resident in the United Kingdom which in any”,
- (b) omit “for the purposes of income tax, or as the case may be”,
- (c) for “him” substitute “it”, and
- (d) omit “year or” in both places where it occurs.

(3) In subsection (2)—

- (a) omit the words from “brought into account” to “may be,” and
- (b) for “subsection (2)” substitute “subsection (3)”.

*Status: Point in time view as at 21/07/2009.*

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(4) Omit subsection (4).

F33 107 .....

**Textual Amendments**

**F33** Sch. 1 para. 107 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

108 Omit section 127 (enterprise allowance).

109 Omit section 127A (futures and options: transactions with guaranteed returns).

110 In section 128 (commodity and financial futures etc: losses and gains) omit subsection (1).

111 (1) Amend section 214 (chargeable payments connected with exempt distributions) as follows.

(2) In subsection (1)—

- (a) in paragraph (a) omit “chargeable to tax under Case VI of Schedule D”, and
- (b) after that paragraph insert—  
“(ab) that income shall be chargeable to tax;”.

(3) After subsection (1) insert—

“(1A) Income tax chargeable by virtue of subsection (1) shall be charged on the full amount or value of the payment made in the year of assessment; and the person liable for any tax so charged is the person receiving or entitled to the payment.

(1B) Corporation tax chargeable by virtue of subsection (1) shall be charged under Case VI of Schedule D.”

112 In section 230 (stock dividends: distributions) for the words from “as mentioned” to “that section)” substitute “ in a case where section 410(2), (3) or (4) of ITTOIA 2005 applies ”.

113 (1) Amend section 231 (tax credits for certain recipients of qualifying distributions) as follows.

(2) In subsection (1)—

- (a) for “sections” to “1993” substitute “ sections 231AA and 231AB of this Act ”,
- (b) for the words from “where” to “charged” substitute “ for corporation tax purposes where ”, and
- (c) omit “or a person resident in the United Kingdom, not being a company”.

(3) Omit subsections (3) and (3AA).

(4) In subsection (4) for “he” in both places where it occurs substitute “ that person ”.

114 F34 .....

*Status: Point in time view as at 21/07/2009.*

**Changes to legislation:** *Income Tax (Trading and Other Income) Act 2005, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

**Textual Amendments**

**F34** Sch. 1 para. 114 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

115 <sup>F35</sup> .....

**Textual Amendments**

**F35** Sch. 1 para. 115 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

116 In section 231B(4)(b) (consequences of certain arrangements to pass on value of a tax credit) for “section 231(3)” substitute “ section 397(2) of ITTOIA 2005 ”.

117 Omit section 232 (tax credits for non-UK residents).

118 Omit section 233 (taxation of certain recipients of distributions and in respect of non-qualifying distributions).

119 (1) Amend section 249 (stock dividends treated as income) as follows.

(2) In subsection (1) for “subsections (7) to (9) below, this section applies” substitute “ subsections (8) and (9) below, this section applies (and accordingly section 230 above and section 410 of ITTOIA 2005 apply) ”.

(3) Omit subsections (4) to (7).

(4) In subsection (8)—

- (a) for “subsection (4)” substitute “ section 410(2), (3) or (4) of ITTOIA 2005 ”, and
- (b) omit the words from “and subsections (5)” onwards.

(5) In subsection (9)(b) for “an individual” to “an amount of income” substitute “ income to be treated as arising to an individual as a result of section 410(2) of ITTOIA 2005 ”.

120 (1) Amend section 250 (returns) as follows.

(2) In subsection (5)(c) for “the appropriate amount in cash” substitute “ the cash equivalent of the share capital in accordance with section 412 of ITTOIA 2005 ”.

(3) In subsection (7) at the end insert “ of this Act or Chapter 5 of Part 4 of ITTOIA 2005 ”.

121 In section 251 (interpretation of sections 249 and 250), omit subsections (2) to (6).

122 Omit sections 251A to 251D (approved share incentive plans).

123 In section 271(1)(a) (deemed surrender in cases of certain loans) for “under section 547” substitute “ by virtue of section 465 of ITTOIA 2005 ”.

<sup>F36</sup>124 .....



*Status: Point in time view as at 21/07/2009.*

**Changes to legislation:** Income Tax (Trading and Other Income) Act 2005, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

**Textual Amendments**

**F36** Sch. 1 para. 124 omitted (with effect in accordance with Sch. 1 para. 7 of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 1 para. 6(n)**

125 **F37** .....

**Textual Amendments**

**F37** Sch. 1 para. 125 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in Sch. 2)

126 **F38** .....

**Textual Amendments**

**F38** Sch. 1 para. 126 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, **Sch. 3 Pt. 2** (with transitional provisions and savings in Sch. 2)

127 **F39** .....

**Textual Amendments**

**F39** Sch. 1 para. 127 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, **Sch. 3 Pt. 2** (with transitional provisions and savings in Sch. 2)

- 128 Omit section 314 (divers and diving supervisors).
- 129 Omit section 322 (consular officers and employees).
- 130 Omit section 324 (designated international organisations).
- 131 Omit section 325 (interest on deposits with National Savings Bank).
- 132 Omit section 326 (interest etc. under contractual savings schemes).
- 133 Omit sections 326A to 326D (tax-exempt special savings accounts).
- 134 Omit section 327 (disabled person's vehicle maintenance grant).
- 135 Omit section 327A (payments to adopters).
- 136 Omit sections 329 to 329AB (exemption of interest on damages for personal injury and personal injury damages in the form of periodical payments).
- 137 Omit section 331 (scholarship income).
- 138 Omit section 331A (student loans: certain interest to be disregarded).
- 139 Omit section 332(3) (expenditure and houses of ministers of religion).
- 140 In section 332A (venture capital trusts: reliefs) omit “and distributions by such trusts”.
- 141 For section 333 substitute—

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**“333 Investment plan regulations**

Regulations under Chapter 3 of Part 6 of ITTOIA 2005 (income from individual investment plans) may include provision generally for the purpose of the administration of corporation tax in relation to plans.”

142 Omit section 333A (personal equity plans: tax representatives).

143 F40 .....

**Textual Amendments**  
**F40** Sch. 1 para. 143 repealed (19.7.2007 with effect as stated in s. 38 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 114, [Sch. 27 Pt. 2\(7\)](#)

144 F41 .....

**Textual Amendments**  
**F41** Sch. 1 para. 144 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

- 145 (1) Amend section 337 (company beginning or ceasing to carry on trade) as follows.  
 (2) In subsection (1) after “shall be computed” insert “ for the purposes of corporation tax ”.  
 (3) In subsection (2) after “overseas property business” insert “ (within the meaning given by section 70A(4)) ”.

- 146 (1) Amend section 347A (general rule: annual payments) as follows.  
 (2) F42 .....
- (3) F42 .....
- (4) Omit subsections (4) and (5).  
 (5) F42 .....

**Textual Amendments**  
**F42** Sch. 1 para. 146(2)(3)(5) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

147 F43 .....

**Textual Amendments**  
**F43** Sch. 1 para. 147 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

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148 F44 .....

**Textual Amendments**

**F44** Sch. 1 para. 148 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

149 F45 .....

**Textual Amendments**

**F45** Sch. 1 para. 149 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

150 F46 .....

**Textual Amendments**

**F46** Sch. 1 para. 150 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

151 F47 .....

**Textual Amendments**

**F47** Sch. 1 para. 151 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

152 In section 353(1) (relief for payments of interest) after “sections 359 to 368” insert  
“ of this Act and section 52 of ITTOIA 2005 ”.

153 F48 .....

**Textual Amendments**

**F48** Sch. 1 para 153 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

154 F49 .....

**Textual Amendments**

**F49** Sch. 1 para 154 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

155 In section 370(2)(b) (relevant loan interest) for the words from “either” to the end  
substitute “ would be eligible for relief under section 353 ”.

156 F50 .....

*Status: Point in time view as at 21/07/2009.*

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#### Textual Amendments

**F50** Sch. 1 para 156 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

157 **F51** .....

#### Textual Amendments

**F51** Sch. 1 para 157 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

158 In section 382(3) (provisions supplementary to sections 380 and 381) omit “under the provisions of the Income Tax Acts applicable to Case I or II of Schedule D”.

159 **F52** .....

#### Textual Amendments

**F52** Sch. 1 para 159 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

160 **F53** .....

#### Textual Amendments

**F53** Sch. 1 para 160 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

161 In section 385(4) (carry-forward against subsequent profits) omit “under Case I of Schedule D” and, in both places where it occurs, “under that Case”.

162 In section 386(1) (carry-forward where business transferred to a company) omit “under Schedule D”.

163 **F54** .....

#### Textual Amendments

**F54** Sch. 1 para 163-168 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

164 **F55** .....

#### Textual Amendments

**F55** Sch. 1 para 163-168 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

165 **F56** .....

*Status: Point in time view as at 21/07/2009.*

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**Textual Amendments**

**F56** Sch. 1 para 163-168 repealed (6.4.2007) (with effect as stated in s. 1034(1)) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

166 **F57** .....

**Textual Amendments**

**F57** Sch. 1 para 163-168 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

167 **F58** .....

**Textual Amendments**

**F58** Sch. 1 para 163-168 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

168 **F59** .....

**Textual Amendments**

**F59** Sch. 1 para 163-168 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

169 (1) Amend section 397 (restriction of relief in case of farming and market gardening) as follows.

(2) In subsection (5) (restriction of relief in case of farming and market gardening) for the definitions of “farming” and “market gardening” substitute—

““farming” and “market gardening” shall be construed—

(a) for income tax purposes, in accordance with the definitions in section 876 of ITTOIA 2005, and

(b) for corporation tax purposes, in accordance with the definitions in section 832 but as if those definitions were not restricted to activities in the United Kingdom.”

(3) **F60** .....

(4) In subsection (8) for the words from “, a trade shall be treated” to the end substitute “—

(a) a trade shall be treated as discontinued, and a new trade set up, in any event which under any of the provisions of the Tax Acts is to be treated as equivalent to the permanent discontinuance or setting up of a trade; and

(b) without prejudice to paragraph (a), a trade shall be treated as discontinued, and a new trade set up, at any time when there is a change in the persons carrying on the trade which involves all of

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the persons carrying it on before the change permanently ceasing to carry it on.”

- (5) In subsection (10) for the words from the beginning to “any discontinuance, and as if” substitute “ Where at any time there has been a change in the persons carrying on a trade, this section shall, notwithstanding subsection (8) above, apply as if ”.

**Textual Amendments**

**F60** Sch. 1 para 169(3) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

- 170 In section 398 (loss relief for transactions in deposits with and without certificates or in debts)—
  - (a) **F61** .....
  - (b) **F61** .....
  - (c) for “tax under Schedule D” substitute “ corporation tax under Schedule D or income tax under that Act ”.

**Textual Amendments**

**F61** Sch. 1 para 170(a)(b) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

- 171 (1) Amend section 399 (dealings in commodity futures etc: withdrawal of loss relief) as follows.
  - (2) Omit subsections (1) and (1A).
  - (3) **F62** .....
  - (4) In subsection (5) omit the words from “and the reference” to the end.

**Textual Amendments**

**F62** Sch. 1 para 171(3) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

**F63** 172 .....

**Textual Amendments**

**F63** Sch. 1 para. 172 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

- 173 In section 417(3)(b) (meaning of “associate” etc.) for “Chapter 1A of Part XV (see section 660G(1) and (2))” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act) ”.
- 174 (1) Amend section 421 (taxation of borrower where loan under section 419 released etc.) as follows.

*Status: Point in time view as at 21/07/2009.*

**Changes to legislation:** Income Tax (Trading and Other Income) Act 2005, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (2) In subsection (1)—
- (a) for “advance and” substitute “ advance made to the trustees of a trust and after the trust has ended ”,
  - (b) in paragraph (a) for “the total income of the person to whom the loan or advance was made”, “him” and “Schedule F” substitute “ the income of the person from whom the debt was due (“the debtor”) for corporation tax purposes ”, “ the debtor ” and “ dividend ” respectively,
  - (c) in paragraph (b) for “he shall not be liable to pay income tax at the Schedule F” substitute “ the debtor shall not be liable to pay corporation tax at the dividend ”, and
  - (d) omit paragraphs (c) and (d).
- (3) Omit subsections (2) and (3).

175 F64 .....

**Textual Amendments**

**F64** Sch. 1 para. 175 repealed (19.7.2007 with effect as stated in s. 38 of the amending Act) by Finance Act 2007 (c. 11), s. 114, Sch. 27 Pt. 2(7)

- 176 In section 431D(3)(b) (meaning of “overseas life assurance business”) after “Chapter II of Part XIII” insert “ or Chapter 9 of Part 4 of ITTOIA 2005 ”.
- 177 In section 434 (franked investment income etc.) omit subsection (1A).
- 178 (1) Amend section 437 (general annuity business) as follows.
- (2) In subsection (1C)(b)(ii) after “capital elements” insert “ and amounts exempt under section 717 of ITTOIA 2005 ”.
  - (3) Omit “and” at the end of subsection (1C)(b).
  - (4) After subsection (1C)(c) insert “and
    - (d) the amounts exempt under section 717 of ITTOIA 2005 shall be determined in accordance with Chapter 7 of Part 6 of that Act, but for this purpose—
      - (i) it is immaterial whether or not an annuitant claims any relief to which the annuitant is entitled under that section; and
      - (ii) where, by virtue of section 718 of that Act, section 717 does not apply to an annuity, the annuity shall be treated as being exempt to the same extent that it would have been apart from that section.”
- 179 (1) Section 468J (dividend distributions of authorised unit trusts) is amended as follows.
- (2) In subsection (2) for “Tax Acts” substitute “ Corporation Tax Acts ”.
  - (3) At the end of subsection (4) insert “(including a dividend treated as paid to a unit holder who is not liable to corporation tax)”.
- 180 (1) Section 468L (interest distributions of authorised unit trusts) is amended as follows.
- (2) In subsection (1A) after “this Chapter” insert “ and Chapter 2 of Part 4 of ITTOIA 2005 (interest) ”.

*Status: Point in time view as at 21/07/2009.*

**Changes to legislation:** *Income Tax (Trading and Other Income) Act 2005, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- (3) In subsection (2) for “Tax Acts” substitute “ Corporation Tax Acts ”.
- (4) At the end of subsection (3) insert “(including a payment of interest treated as made to a unit holder who is not liable to corporation tax)”.

181 F65 .....

**Textual Amendments**  
**F65** Sch. 1 para 181 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

F66 182 .....

**Textual Amendments**  
**F66** Sch. 1 para. 182 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F67 183 .....

**Textual Amendments**  
**F67** Sch. 1 para. 183 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

- 184 (1) Amend section 477A (building societies: regulations for deduction of tax) as follows.
- (2) In subsection (4)—
  - (a) for “terminal bonus” substitute “ interest ”, and
  - (b) for “contractual savings scheme” substitute “ SAYE savings arrangement ”.
- (3) Omit subsections (5) and (6).
- (4) In subsection (9) omit the words from “but” to the end of the subsection.
- (5) In subsection (10) after “this section—” insert—
 

““certified SAYE savings arrangement” has the meaning given by section 703 of ITTOIA 2005”.

185 Omit section 480C (relevant deposits: computation of tax on interest).

186 F68 .....

**Textual Amendments**  
**F68** Sch. 1 para 186 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

187 F69 .....



*Status: Point in time view as at 21/07/2009.*

*Changes to legislation: Income Tax (Trading and Other Income) Act 2005, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

### Textual Amendments

**F69** Sch. 1 para 187 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

188 (1) Section 486 (industrial and provident societies and co-operative associations) is amended as follows.

(2) In subsection (1)—

- (a) after “distribution” insert “ for the purposes of corporation tax ”, and
- (b) for “the purposes of corporation tax” substitute “ those purposes ”.

(3) In subsection (4) at the end insert “for the purposes of corporation tax”.

(4) Omit subsection (5).

<sup>F70</sup>189 .....

### Textual Amendments

**F70** Sch. 1 para. 189 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

190 (1) Amend section 492 (treatment of oil extraction activities etc for tax purposes) as follows.

(2) In subsection (1) for “for all purposes of income tax, and for the purposes of the charge of corporation tax on income,” substitute “ for the purposes of the charge of corporation tax on income ”.

(3) In subsection (4)—

- (a) in paragraph (a) after “are treated by virtue of” insert “ section 16(1) of ITTOIA 2005 or ”,
- (b) in paragraph (a) for “the purposes specified in that subsection” substitute “ income tax purposes or (as the case may be) for the purposes of the charge of corporation tax on income ”,
- (c) in paragraph (b) after “but which, apart from” insert “ section 16(1) of ITTOIA 2005 or ”, and
- (d) after “notwithstanding anything in that” insert “ section or ”.

191 In section 493(2)(a)(i) (valuation of oil disposed of or appropriated in certain circumstances) for “falling within section 492(1)(a) or (b)” substitute “ falling within the definition of “oil-related activities” in section 16(2) of ITTOIA 2005 or within section 492(1)(a) or (b) above ”.

192 In section 495(2) (regional development grants) for “section 492(1)” substitute “ section 16(1) of ITTOIA 2005 or section 492(1) above ”.

193 In section 496(1)(c) (tariff receipts and tax-exempt tariffing receipts) for “section 492(1)” substitute “ section 16(1) of ITTOIA 2005 or section 492(1) above ”.

194 In section 502(1) (interpretation of Chapter 5), in the definition of “ring fence trade”—

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- (a) in paragraph (a) for “any of paragraphs (a) to (c) of subsection (1) of section 492” substitute “ the definition of “oil-related activities” in section 16(2) of ITTOIA 2005 or within section 492(1) above ”, and
  - (b) in paragraph (b) for “that subsection” substitute “ section 16(1) of ITTOIA 2005 or section 492(1) above ”.
- 195 (1) Amend section 503 (letting of furnished holiday accommodation treated as a trade for certain purposes) as follows.
- (2) In subsection (1)—
    - (a) for “specified in subsection (2)” substitute “ of Chapter 2 of Part 10 (loss relief for corporation tax) ”,
    - (b) omit “in the United Kingdom”,
    - (c) after “chargeable to” insert “ corporation ”, and
    - (d) for “particular person or partnership or body of persons” substitute “ particular company or partnership ”.
  - (3) Omit subsections (2) and (3).
  - (4) In subsection (5)—
    - (a) for “Part X” substitute “ Chapter 2 of Part 10 ”, and
    - (b) after “other provision of the” insert “ Corporation ”.
  - (5) In the side-note after “certain” insert “ corporation tax ”.
- 196 (1) Amend section 504 (meaning of the “commercial letting of furnished accommodation”) as follows.
- (2) Omit subsection (4).
  - (3) In subsection (6)—
    - (a) omit “year of assessment or”,
    - (b) for “person” substitute “ company ”,
    - (c) omit “year or” in each place where it occurs,
    - (d) for “he” substitute “ the company ”, and
    - (e) for “him” substitute “ the company ”.
  - (4) In subsection (6A) for “above is—” to the end substitute “ above is the period of two years beginning at the end of the accounting period in which the accommodation was let. ”
  - (5) In subsection (7)—
    - (a) omit “year of assessment or”, and
    - (b) omit “year or” in both places where it occurs.
  - (6) In subsection (8) omit “year of assessment or”.
  - (7) In subsection (9)—
    - (a) for “a person” substitute “ a company ”, and
    - (b) for “he” substitute “ it ”.

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### Textual Amendments

**F71** Sch. 1 para 197 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

198 (1) Amend section 505 (charities: general) as follows.

(2) In subsection (1)—

- (a) <sup>F72</sup> .....
- (b) <sup>F72</sup> .....
- (c) in paragraph (c)(ia) omit “IV or”,
- (d) <sup>F72</sup> .....
- (e) in paragraph (c)(iib) from “income” to “and” at the end of subparagraph (iib) substitute “ such dividends as would, in the case of income tax, be chargeable to tax under Chapter 4 of Part 4 of ITTOIA 2005 or such distributions (other than dividends) as would, in the case of income tax, be chargeable to tax under Chapter 8 of Part 5 of that Act so far as it would apply to what would be a relevant foreign distribution, ”,
- (f) <sup>F72</sup> .....
- (g) <sup>F72</sup> .....
- (h) <sup>F72</sup> .....
- (i) <sup>F72</sup> .....

(3) After subsection (1) insert—

“(1AA) In subsection (1)(c)(iaa) and (iib) “relevant foreign distribution” means any distribution of a company not resident in the United Kingdom which—

- (a) is not chargeable under Chapter 4 of Part 4 of ITTOIA 2005, but
- (b) would be chargeable under Chapter 3 of that Part of that Act if the company were resident in the United Kingdom.”

(4) In subsection (2) after “chargeable to”, in the second place where it occurs, insert “ income tax under Chapter 7 of Part 5 of ITTOIA 2005 (annual payments not otherwise charged) so far as it does not apply to relevant foreign income and shall be chargeable to corporation ”.

### Textual Amendments

**F72** Sch. 1 para 198(2)(a)(b)(d)(f)-(i) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

199 <sup>F73</sup> .....

### Textual Amendments

**F73** Sch. 1 para. 199 repealed (with effect as mentioned in s. 46 of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. 70, {Sch. 11 Pt. 2(12) Note}

200 Omit section 514 (funds for reducing the national debt).

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F74 201 .....

**Textual Amendments**  
**F74** Sch. 1 paras. 201-203 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F74 202 .....

**Textual Amendments**  
**F74** Sch. 1 paras. 201-203 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F74 203 .....

**Textual Amendments**  
**F74** Sch. 1 paras. 201-203 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

204 In section 527(4) (spreading of royalties over several years) at the end insert “ of this Act or by virtue of section 595 of ITTOIA 2005 ”.

F75 205 .....

**Textual Amendments**  
**F75** Sch. 1 para. 205 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

206 Omit section 529 (patent income to be earned income in certain cases).

F76 207 .....

**Textual Amendments**  
**F76** Sch. 1 paras. 207-209 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F76 208 .....

**Textual Amendments**  
**F76** Sch. 1 paras. 207-209 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F76 209 .....

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**Textual Amendments**

**F76** Sch. 1 paras. 207-209 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

<sup>F77</sup>210 .....

**Textual Amendments**

**F77** Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 16**

<sup>F77</sup>211 .....

**Textual Amendments**

**F77** Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 16**

<sup>F77</sup>212 .....

**Textual Amendments**

**F77** Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 16**

<sup>F77</sup>213 .....

**Textual Amendments**

**F77** Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 16**

<sup>F77</sup>214 .....

**Textual Amendments**

**F77** Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 16**

<sup>F77</sup>215 .....

**Textual Amendments**

**F77** Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 16**

<sup>F77</sup>216 .....

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**Textual Amendments**

**F77** Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 16](#)

<sup>F77</sup>217 . . . . .

**Textual Amendments**

**F77** Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 16](#)

<sup>F77</sup>218 . . . . .

**Textual Amendments**

**F77** Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 16](#)

<sup>F77</sup>219 . . . . .

**Textual Amendments**

**F77** Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 16](#)

<sup>F77</sup>220 . . . . .

**Textual Amendments**

**F77** Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 16](#)

<sup>F77</sup>221 . . . . .

**Textual Amendments**

**F77** Sch. 1 paras. 210-221 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 16](#)

- 222 (1) Amend section 552 (information: duty of insurers) as follows.
- (2) In subsection (1) omit “within the meaning of this Chapter”.
- (3) In subsection (5)—
  - (a) in paragraph (b)(ii) for “, the date” to the end of the sub-paragraph substitute “ of this Act and section 514(1) of ITTOIA 2005 (chargeable events where transaction-related calculations show gains), the date on which the year and the insurance year end; ”,
  - (b) in paragraph (c)—

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- (i) after “this Chapter” insert “ and Chapter 9 of Part 4 of ITTOIA 2005 ”,
  - (ii) after “relevant capital payments” insert “ and the amount or value of any capital sums of a kind referred to in section 492(1)(b) to (e) of ITTOIA 2005 ”,
  - (iii) in sub-paragraph (iii) after “annuity” insert “ determined in accordance with section 656 and the amount of so much of any payment previously made on account of an annuity as is exempt under section 717 of ITTOIA 2005 ”, and
  - (iv) in sub-paragraph (v) after “year” insert “ and the total of the amounts of gains treated as arising on previous chargeable events within section 509(1) or 514(1) of ITTOIA 2005 ”,
- (c) for paragraph (e) substitute—
- “(e) the number of years relevant for computing the annual equivalent of the amount of the gain for the purposes of subsection (1) of section 536 of ITTOIA 2005 (top slicing relieved liability: one chargeable event), apart from subsections (6) and (8) of that section;”, and
- (d) for paragraph (f) substitute—
- “(f) on the assumption that section 465 of ITTOIA 2005 (person liable: individuals) has effect in relation to the gain —
    - (i) whether an individual would fall to be treated as having paid income tax at the lower rate on the amount of the gain in accordance with section 530 of that Act; and
    - (ii) if so, except in a case where paragraph (c) above applies, the amount of such tax that would fall to be so treated as paid.”
- (4) In subsection (6)—
- (a) in paragraph (b)—
    - (i) after “section 546C(7)(a)” insert “ of this Act (and section 514(1) of ITTOIA 2005) ”, and
    - (ii) after “year” insert “ (and the insurance year) ”, and
  - (b) in paragraph (c) after “section 546C(7)(a)” insert “ of this Act (and section 514(1) of ITTOIA 2005) ”.
- (5) In subsection (7)(b)—
- (a) after “section 546C(7)(a)” insert “ of this Act (and section 514(1) of ITTOIA 2005) ”, and
  - (b) after “year” insert “ (and the insurance year) ”.
- (6) In subsection (9)(a)—
- (a) after “section 546C(7)(b)” insert “ of this Act (and section 514(1) of ITTOIA 2005) ”, and
  - (b) after “occurs” insert “ (and the end of the insurance year mentioned in section 514(3) and (4) of ITTOIA 2005) ”.
- (7) In subsection (10)—
- (a) in the definition of “amount” after “section 553(3)” insert “ of this Act and section 528 of ITTOIA 2005 ”, and

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(b) insert in the appropriate place—

““chargeable event” means an event which is a chargeable event within the meaning of this Chapter and Chapter 9 of Part 4 of ITTOIA 2005;”.

223 In section 552ZA(3) (information: supplementary provisions) after “section 546C(7)(a)” insert “ of this Act and section 514(1) of ITTOIA 2005 ”.

224 (1) Amend section 552A (tax representatives) as follows.

(2) In subsection (5) omit “in relation to which this Chapter has effect and”.

(3) In subsection (12) insert in the appropriate place—

““capital redemption policy” means a capital redemption policy in relation to which this Chapter and Chapter 9 of Part 4 of ITTOIA 2005 have effect;”.

““contract for a life annuity” means a contract for a life annuity in relation to which this Chapter and Chapter 9 of Part 4 of ITTOIA 2005 have effect;”.

““policy of life insurance” means a policy of life insurance in relation to which this Chapter and Chapter 9 of Part 4 of ITTOIA 2005 have effect;”.

225 In section 552B (duties of overseas insurers' tax representatives) after subsection (5) insert—

“(5A) In subsection (5) “chargeable event” has the same meaning as in section 552 (see subsection (10) of that section).”

F78 226 .....

**Textual Amendments**  
F78 Sch. 1 paras. 226-228 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 16

F78 227 .....

**Textual Amendments**  
F78 Sch. 1 paras. 226-228 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 16

F78 228 .....

**Textual Amendments**  
F78 Sch. 1 paras. 226-228 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 16

229 Omit section 554 (borrowings on life policies to be treated as income in certain cases).



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<sup>F79</sup>230 .....

**Textual Amendments**

**F79** Sch. 1 para. 230 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

231 Omit section 557 (charge on profits).

232 In section 568(1) (deductions from profits of contributions paid under certified schemes)—

(a) after “section 74” insert “ of this Act or section 33 of ITTOIA 2005 ”, and

(b) after “Case I of Schedule D,” insert “ or under Part 2 of ITTOIA 2005, ”.

233 In section 570(4) (payments under certified schemes which are not repayments of contributions) for “any of the provisions of section 113 or section 337(1)” substitute “ section 337(1) above or section 18 of ITTOIA 2005 (companies beginning or ceasing to carry on trade) ”.

<sup>F80</sup>234 .....

**Textual Amendments**

**F80** Sch. 1 paras. 234-236 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

<sup>F80</sup>235 .....

**Textual Amendments**

**F80** Sch. 1 paras. 234-236 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

<sup>F80</sup>236 .....

**Textual Amendments**

**F80** Sch. 1 paras. 234-236 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

237 In section 578(1) (housing grants) for “any tax purpose” substitute “ corporation tax purposes ”.

<sup>F81</sup>238 .....

**Textual Amendments**

**F81** Sch. 1 para. 238 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

<sup>F82</sup>239 .....

*Status: Point in time view as at 21/07/2009.*

*Changes to legislation: Income Tax (Trading and Other Income) Act 2005, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

**Textual Amendments**

**F82** Sch. 1 para. 239 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

240 Omit sections 580A to 580C (relief from tax on annual payments under certain insurance policies and immediate needs annuities).

241 Omit section 581 (borrowing in foreign currency by local authorities and statutory corporations).

242 <sup>F83</sup> .....

**Textual Amendments**

**F83** Sch. 1 para 242 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in **Sch. 2**)

<sup>F84</sup>243 .....

**Textual Amendments**

**F84** Sch. 1 para. 243 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

244 Omit section 583 (Inter-American Development Bank).

<sup>F85</sup>245 .....

**Textual Amendments**

**F85** Sch. 1 para. 245 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

246 Omit section 585 (relief from tax on delayed remittances).

<sup>F86</sup>247 .....

**Textual Amendments**

**F86** Sch. 1 para. 247 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

<sup>F87</sup>248 .....

**Textual Amendments**

**F87** Sch. 1 para. 248 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

249 <sup>F88</sup> .....

*Status: Point in time view as at 21/07/2009.*

**Changes to legislation:** Income Tax (Trading and Other Income) Act 2005, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

**Textual Amendments**

**F88** Sch. 1 para 249 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

<sup>F89</sup>250 .....

**Textual Amendments**

**F89** Sch. 1 para. 250 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

<sup>F90</sup>251 .....

**Textual Amendments**

**F90** Sch. 1 para. 251 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

- 252 (1) Amend section 591C (cessation of approval: tax on certain schemes) as follows.
- (2) In subsection (1) for “tax shall be charged” substitute “ income tax shall be charged under and ”.
- (3) In subsection (2) omit “under Case VI of Schedule D”.
- (4) In subsection (6A)(c)(iii) for “Schedule D” substitute “ Part 2 of ITTOIA 2005 ”.
- 253 (1) Amend section 592 (exempt approved schemes) as follows.
- (2) In subsection (3)—
- (a) after “the schemes” insert “ , are not relevant foreign income ”, and
- (b) for “Case VI of Schedule D” substitute “ Chapter 8 of Part 5 of ITTOIA 2005 (income not otherwise charged) ”.
- (3) In subsection (4)(a) after “for the purposes of” insert “ Part 2 of ITTOIA 2005 or ”.
- 254 (1) Amend section 598 (charge to tax: repayment of employee's contributions) as follows.
- (2) In subsection (1) after “this section,” insert “ income ”.
- (3) In subsection (2) for the words from the beginning to “Schedule D” substitute “ The person liable for any tax chargeable under this section shall be the administrator of the scheme ”.
- 255 (1) Amend section 599 (charge to tax: commutation of entire pension in special circumstances) as follows.
- (2) In subsection (1) after “whether wholly or not, under the rule,” insert “ income ”.
- (3) In subsection (1B) before “tax” insert “ income ”.
- (4) In subsection (3) for the words from the beginning to “Schedule D on that amount,” substitute “ The person liable for any tax chargeable under this section shall be the administrator of the scheme ”.

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- 256 In section 599A (charge to tax: payments out of surplus funds) for subsection (2) substitute—
- “(2) On the making of a payment to which subsection (1) above applies—
- (a) income tax is charged at the relevant rate on such amount as, after deduction of tax at that rate, would equal the amount of the payment, and
- (b) the person liable for the tax so charged is the administrator of the scheme.”
- 257 In section 601(5)(b) (charge to tax: payments to employers) for “to tax on the amount of the payment under Case VI of Schedule D” substitute “—
- (i) to income tax on the full amount of the payment arising in the year of assessment; or
- (ii) to corporation tax on the amount of the payment under Case VI of Schedule D”.
- 258 In section 602(1)(a) (regulations relating to pension fund surpluses) omit “under Case VI of Schedule D”.
- 259 (1) Amend section 607 (pilots' benefit fund) as follows.
- (2) In subsection (2)(c) for “the provisions of Case II of Schedule D” substitute “ such of the provisions of Part 2 of ITTOIA 2005 as apply in calculating the profits of a profession ”.
- (3) In subsection (3)(a) for “in assessing tax under Schedule D” substitute “ in calculating the profits of the profession ”.
- 260 In section 608(2) (superannuation funds approved before 6th April 1980)—
- (a) in paragraph (b)—
- (i) after “commissions” insert “ which are not relevant foreign income and ”, and
- (ii) for “Case VI of Schedule D” substitute “ Chapter 8 of Part 5 of ITTOIA 2005 ”, and
- (b) in paragraph (c) for the words from “under” onwards substitute “ under Chapter 11 of Part 4 of ITTOIA 2005 (transactions in deposits) by virtue of a disposal of deposit rights falling within section 552(1)(a) or (b) of that Act ”.
- 261 In section 614(2A) (exemptions and reliefs in respect of income from investments etc. of certain pension schemes) for the words from “paragraph 1” to “(relevant” substitute “ Chapter 8 of Part 4 of ITTOIA 2005 (profits from deeply ”.
- <sup>F91</sup>262 .....

#### Textual Amendments

**F91** Sch. 1 para. 262 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

- 263 (1) Amend section 623 (relevant earnings) as follows.
- (2) In subsection (2)—
- (a) in paragraph (c) for “Schedule D” substitute “ Part 2 of ITTOIA 2005 ”, and

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- (b) for paragraph (d) substitute—
  - “(d) income to which section 833(5B) (patent income) applies;”.
- (3) In subsection (6)—
  - (a) in paragraph (a) for “section 74(m), (p) or (q)” substitute “ section 51 of ITTOIA 2005 ”, and
  - (b) after the “or” at the end of that paragraph insert—
    - “(aa) deductions in respect of any annuity or other annual payment (other than interest) payable out of his profits; or”.
- 264 In section 644(2) (meaning of “relevant earnings”)—
  - (a) in paragraph (c) for “Schedule D” substitute “ Part 2 of ITTOIA 2005 ”, and
  - (b) for paragraph (d) substitute—
    - “(d) income to which section 833(5B) (patent income) applies.”
- 265 In section 646(2) (meaning of “relevant net earnings”)—
  - (a) in paragraph (a) for “section 74(m), (p) or (q)” substitute “ section 51 of ITTOIA 2005 ”,
  - (b) after that paragraph insert—
    - “(aa) deductions in respect of any annuity or other annual payment (other than interest) payable out of his profits;”,
    - and
  - (c) in paragraph (bb) for “section 332(3) of this Act” substitute “ section 159 of ITTOIA 2005 ”.
- 266 (1) Amend section 648B (return of contributions after pension date) as follows.
  - (2) In subsection (1) for “Tax” substitute “ Income tax ”.
  - (3) In subsection (2) for the words from the beginning to “Schedule D” substitute “ The person liable for any tax chargeable under this section shall be the administrator of the scheme ”.
- 267 (1) Amend section 650A (charge on withdrawal of approval from arrangements) as follows.
  - (2) In subsection (1) for “tax shall be charged” substitute “ income tax shall be charged under and ”.
  - (3) In subsection (2) omit “under Case VI of Schedule D”.
- 268 <sup>F92</sup>(1) .....
- <sup>F93</sup>(2) .....
- (3) <sup>F94</sup> .....

#### Textual Amendments

**F92** Sch. 1 para. 268(1) omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 17\(n\)](#)

**F93** Sch. 1 para. 268(2) omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 17\(n\)](#)

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**F94** Sch. 1 para. 268(3) repealed (19.7.2007 with effect as stated in s. 46 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 114, [Sch. 27 Pt. 2\(13\)](#)

**F95** 269 .....

#### Textual Amendments

**F95** Sch. 1 para. 269 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 17\(n\)](#)

270 **F96** .....

#### Textual Amendments

**F96** Sch. 1 para. 270 repealed (19.7.2007 with effect as stated in s. 46 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 114, [Sch. 27 Pt. 2\(13\)](#)

271 Omit sections 660A and 660B (income arising under settlement where settlor retains an interest and payments to unmarried minor children of settlor).

272 (1) Amend section 660C (nature of charge on settlor) as follows.

(2) Omit subsections (1) to (2).

(3) **F97** .....

(4) **F98** .....

#### Textual Amendments

**F97** Sch. 1 para. 272(3) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

**F98** Sch. 1 para. 272(4) repealed (19.7.2007 with effect as stated in [Sch. 5](#) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 114, [Sch. 27 Pt. 2\(3\)](#)

273 Omit sections 660D to 660G (settlements: supplementary provisions etc.).

274 Omit section 677 (sums paid to settlor otherwise than as income).

275 Omit section 678 (capital sums paid by body connected with settlement).

276 Omit sections 682 and 682A (ascertainment of undistributed income and supplementary provisions for Chapter 1B).

277 **F99** .....

#### Textual Amendments

**F99** Sch. 1 para. 277 repealed (6.4.2007) (with effect as stated in s. 1034(1)) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

278 **F100**

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**Textual Amendments**

**F100** Sch. 1 para. 278 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

- 279 Omit section 688 (schemes for employees and directors to acquire shares).
- 280 (1) Amend section 689B (order in which expenses to be set against income: trust management expenses) as follows.
- (2) In subsection (2) for paragraphs (za) to (c) substitute—
- “(a) so much of the income of the trustees as is income chargeable under Chapter 3 of Part 4 of ITTOIA 2005 (dividends etc. from UK resident companies etc.);
  - (b) income treated as arising to the trustees under Chapter 5 of that Part (stock dividends from UK resident companies); or
  - (c) income chargeable under Chapter 6 of that Part (release of loan to participator in close company).”
- (3) In subsection (2A) for “income to which section 1A applies” to the end substitute “—
- (a) income chargeable under Chapter 4 of Part 4 of ITTOIA 2005 (dividends from non-UK resident companies); or
  - (b) a relevant foreign distribution chargeable under Chapter 8 of Part 5 of that Act (income not otherwise charged).”
- (4) After that subsection insert—
- “(2B) In subsection (2A) “relevant foreign distribution” means any distribution of a company not resident in the United Kingdom which—
- (a) is not chargeable under Chapter 4 of Part 4 of ITTOIA 2005, but
  - (b) would be chargeable under Chapter 3 of that Part if the company were resident in the United Kingdom.”

281<sup>F101</sup>

**Textual Amendments**

**F101** Sch. 1 para. 281 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

282 <sup>F102</sup> .....

**Textual Amendments**

**F102** Sch. 1 para. 281-283 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

283 <sup>F103</sup> .....

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**Textual Amendments**

**F103** Sch. 1 para. 281-283 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

<sup>F104</sup>284 .....

**Textual Amendments**

**F104** Sch. 1 paras. 284-287 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

<sup>F104</sup>285 .....

**Textual Amendments**

**F104** Sch. 1 paras. 284-287 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

<sup>F104</sup>286 .....

**Textual Amendments**

**F104** Sch. 1 paras. 284-287 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

<sup>F104</sup>287 .....

**Textual Amendments**

**F104** Sch. 1 paras. 284-287 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

288 <sup>F105</sup> .....

**Textual Amendments**

**F105** Sch. 1 para. 288 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

289 Omit section 699 (relief from higher rate tax for inheritance tax on accrued income).

<sup>F106</sup>290 .....

**Textual Amendments**

**F106** Sch. 1 para. 290 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

291 (1) Amend section 700 (adjustments and information) as follows.



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F107(2) .....

F107(3) .....

F107(4) .....

(5) In subsection (4) after “this Part” insert “ or Chapter 6 of Part 5 of ITTOIA 2005 ”.

(6) In subsection (5)—

- (a) in paragraph (a) for “a year of assessment” substitute “ an accounting period ”
- (b) omit “and” at the end of paragraph (a),
- (c) after paragraph (a) insert—
  - “(aa) the amount treated as estate income under Chapter 6 of Part 5 of ITTOIA 2005 in respect of that interest or the exercise of that discretion for which he is liable to income tax for a year of assessment, and”,
- (d) in paragraph (b) after “paragraph (a)” insert “ or (aa) ”,
- (e) for “any year of assessment” substitute “ any accounting period under this Part or treated as estate income under that Chapter ”,
- (f) after “the purposes of this Part” insert “ or that Chapter ”, and
- (g) for “paragraphs (a) and (b)” substitute “ paragraphs (a) to (b) ”.

**Textual Amendments**

F107 Sch. 1 para. 291(2)-(4) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

F108 292 .....

**Textual Amendments**

F108 Sch. 1 para. 292 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

293 F109 .....

**Textual Amendments**

F109 Sch. 1 para. 293-299 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, Sch. 3 Pt. 1 (with transitional provisions and savings in Sch. 2)

294 F110 .....

**Textual Amendments**

F110 Sch. 1 para. 293-299 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, Sch. 3 Pt. 1 (with transitional provisions and savings in Sch. 2)

295 F111 .....

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**Textual Amendments**

**F111** Sch. 1 para. 293-299 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

296 <sup>F112</sup> .....

**Textual Amendments**

**F112** Sch. 1 para. 293-299 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

297 <sup>F113</sup> .....

**Textual Amendments**

**F113** Sch. 1 para. 293-299 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

298 <sup>F114</sup> .....

**Textual Amendments**

**F114** Sch. 1 para. 293-299 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

299 <sup>F115</sup> .....

**Textual Amendments**

**F115** Sch. 1 para. 293-299 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

<sup>F116</sup>300 .....

**Textual Amendments**

**F116** [Sch. 1 para. 300](#) omitted (with effect in accordance with [Sch. 25 para. 10](#) of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 25 para. 9\(3\)\(e\)](#)

301 Omit section 730C (exchanges of gilts: traders etc.).

<sup>F117</sup>302 .....

**Textual Amendments**

**F117** Sch. 1 para. 302 omitted (with effect in accordance with s. 66(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [s. 66\(4\)\(k\)](#)

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F118 303 .....

**Textual Amendments**

**F118** Sch. 1 para. 303 omitted (with effect in accordance with s. 66(8) of the amending Act) by virtue of Finance Act 2008 (c. 9), s. 66(4)(k)

304 F119 .....

**Textual Amendments**

**F119** Sch. 1 paras. 304-307 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, Sch. 3 Pt. 1 (with transitional provisions and savings in Sch. 2)

305 F120 .....

**Textual Amendments**

**F120** Sch. 1 paras. 304-307 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, Sch. 3 Pt. 1 (with transitional provisions and savings in Sch. 2)

306 F121 .....

**Textual Amendments**

**F121** Sch. 1 paras. 304-307 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, Sch. 3 Pt. 1 (with transitional provisions and savings in Sch. 2)

307 F122 .....

**Textual Amendments**

**F122** Sch. 1 paras. 304-307 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, Sch. 3 Pt. 1 (with transitional provisions and savings in Sch. 2)

308 (1) Amend section 761 (charge to income tax or corporation tax of offshore income gain) as follows.

(2) In subsection (1) for the words from “of that gain shall be treated for all” to the end substitute “of that gain—

(a) shall be treated for all the purposes of the Tax Acts as income arising at the time of the disposal to the person making the disposal, and

(b) shall be charged—

(i) to income tax for the year of assessment in which the disposal is made, or

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(ii) to corporation tax as a profit or gain under Case VI of Schedule D for the accounting period in which the disposal is made.”

- (3) After that subsection insert—
  - “(1A) The income tax charged by virtue of subsection (1)(b)(i) above shall be charged on the full amount of the income treated as arising in the year of assessment.”
- 309 In section 762(6) (offshore income gains accruing to persons resident or domiciled abroad)—
  - (a) after “740” insert “ above ”, and
  - (b) for “Part XV” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 ”.
- 310 In section 774(1) (transactions between dealing company and associated company) —
  - (a) after “shall be chargeable” insert “ to tax ”, and
  - (b) for “under Case VI of Schedule D” substitute “ (in the case of corporation tax, under Case VI of Schedule D) ”.
- 311 <sup>F123</sup> .....

**Textual Amendments**  
**F123** Sch. 1 para. 311 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

- 312 (1) Amend section 776 (transactions in land: taxation of capital gains) as follows.
  - (2) In subsection (3)(a) omit the words from “, and which constitutes” to “period in which the gain is realised”.
  - <sup>F124</sup>(3) .....
  - (4) In subsection (6)—
    - (a) in paragraph (a) after “the profits under” insert “ Part 2 of ITTOIA 2005 or ”, <sup>F125</sup> ...
    - <sup>F125</sup>(b) .....
  - (5) <sup>F126</sup> .....

**Textual Amendments**  
**F124** Sch. 1 para. 312(3) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))  
**F125** Sch. 1 para. 312(4)(b) and word repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 645\(2\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))  
**F126** Sch. 1 para. 312(5) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

- 313 (1) Amend section 777 (tax avoidance: provisions supplementary to sections 775 and 776) as follows.

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(2) <sup>F127</sup> .....

(3) In subsection (10) for “Part XV” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 (settlements: amounts treated as income of settlor) ”.

**Textual Amendments**

**F127** Sch. 1 para. 313(2) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

314 (1) Amend section 779 (sale and lease-back: limitation on tax reliefs) as follows.

<sup>F128</sup>(2) .....

(3) In subsection (13)—

(a) after paragraph (a) insert—

“(aa) a deduction in calculating the profits of a UK property business;”

(b) in paragraph (c) omit “392 or”, and

(c) after that paragraph insert—

“(ca) a deduction in computing profits or other income or gains chargeable to income tax under or by virtue of any provision to which section 836B applies, or in computing any loss for which relief is allowable under section 392;”.

**Textual Amendments**

**F128** [Sch. 1 para. 314\(2\)](#) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

315 (1) Amend section 780 (sale and lease-back: taxation of consideration received) as follows.

(2) In subsection (3)(b) for “a profit or gain chargeable under Case VI of Schedule D” substitute “ an amount chargeable to tax in accordance with subsection (3A) ”.

(3) After subsection (3) insert—

“(3A) The amount shall be charged—

(a) to income tax, or

(b) to corporation tax as a profit or gain under Case VI of Schedule D.

(3B) The income tax charged by virtue of subsection (3A)(a) above shall be charged on the full amount of the proportion of the consideration concerned arising in the year of assessment; and the person liable for any tax so charged is the lessee.”

316 (1) Amend section 781 (assets leased to traders and others) as follows.

(2) In subsection (1) for “under Case VI of Schedule D for the chargeable period in which the sum is obtained with tax” substitute “ to tax (in the case of corporation tax, under Case VI of Schedule D) for the chargeable period in which the sum is obtained ”.

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- (3) In subsection (4) after paragraph (a) insert—
- “(ab) a deduction in computing profits or other income or gains chargeable to income tax under or by virtue of any provision to which section 836B applies, or in computing any loss for which relief is allowable under section 392;”.
- (4) In subsection (4)(b) omit “392 or”.
- 317 In section 782(9) (leased assets: special cases) for “section 113 or 337(1)” substitute “ section 18 of ITTOIA 2005 or section 337(1) above (companies beginning or ceasing to carry on trade) ”.
- 318 In section 783(10)(b) (leased assets: supplemental) for “section 660G(1) and (2)” substitute “ section 620 of ITTOIA 2005 ”.
- 319 In section 785 (meaning of “asset”, “capital sum” and “lease” for purposes of sections 781 to 784), in the definition of “capital sum”, after “chargeable” insert “ to income tax under or by virtue of any provision to which section 836B applies or to corporation tax ”.
- 320 (1) Amend section 786 (transactions associated with loans or credit) as follows.
- (2) In subsection (3) for the words from “annuity” to “Schedule D” substitute “ relevant annual payment ”.
- (3) After that subsection insert—
- “(3A) In subsection (3) “relevant annual payment” means a payment which is not interest but is—
- (a) an annuity or other annual payment falling within Part 5 of ITTOIA 2005 and chargeable to income tax otherwise than as relevant foreign income; or
- (b) an annuity or other annual payment chargeable to corporation tax under Case III of Schedule D.”
- (4) In subsection (5) for “he shall be chargeable to tax under Case VI of Schedule D on a sum” substitute “he shall be chargeable—
- (a) to income tax, or
- (b) to corporation tax under Case VI of Schedule D,
- on a sum ”.
- (5) After that subsection insert—
- “(5A) Income tax charged by virtue of subsection (5)(a) above shall be charged on the full amount of the income assigned, surrendered, waived or forgone in the year of assessment.”
- 321 (1) Amend section 788 (relief by agreement with other territories) as follows.
- (2) In subsection (3)(d) for “section 231” substitute “ section 397(1) of ITTOIA 2005 ”.
- <sup>F129</sup>(3) .....

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**Textual Amendments**

**F129** Sch. 1 para. 321(3) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

- 322 In section 790(11) (unilateral relief) after “and, in the case of an assessment” insert “to corporation tax”.
- 323 (1) Amend section 804 (relief against income tax in respect of earlier years of commencement) as follows.
- (2) In subsections (5)(b) and (5A)(b) for “section 63A(1) or (3)” substitute “section 205 or 220 of ITTOIA 2005”.
- (3) In subsection (5B)(a)—
- (a) for “under Case VI of Schedule D” substitute “to income tax”, and
- (b) after “equal to the excess” insert “and be liable for any tax so chargeable”.
- (4) In subsection (5C) for “section 63A(1)” substitute “section 220 of ITTOIA 2005”.
- (5) In subsection (8), in the definition of “overlap profit” for “sections 60 to 62” substitute “Chapter 15 of Part 2 of ITTOIA 2005”.
- 324 In section 806K(2) (application of foreign dividend provisions to branches or agencies in the UK of persons resident elsewhere) after paragraph (b) insert—
- “(bb) in relation to income tax, take any reference to a dividend chargeable under Case V of Schedule D as a reference to a dividend chargeable under Chapter 4 of Part 4 of ITTOIA 2005;”.
- 325 In section 807(1)(b) (sale of securities with or without accrued interest) for “Case IV or V of Schedule D” substitute “ITTOIA 2005 on relevant foreign income”.
- 326 In section 812(1) (withdrawal of right to tax credit of certain non-resident companies connected with unitary states)—
- (a) for “section 231(3)” substitute “section 397(2)(a) of ITTOIA 2005”, and
- (b) for “or, where” substitute “nor, by virtue of section 30(9) of the Finance (No. 2) Act 1997, where”.

**F130** 327 .....

**Textual Amendments**

**F130** Sch. 1 para. 327 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

328 **F131** .....

**Textual Amendments**

**F131** Sch. 1 para. 328 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in Sch. 2)

329 **F132** .....

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**Textual Amendments**

**F132** Sch. 1 para. 329 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

- 330 In section 821(1) (under-deductions from payments made before passing of annual Act)—
  - (a) after “assessment” insert “ or accounting period ”,
  - (b) after “quarterly payments” insert “ (or half-periodic or quarterly payments) ”,
  - (c) after “income” insert “ or corporation ”,
  - (d) after “year”, in the second and third places where it occurs, insert “ or period ”,
  - (e) after “charged”, in the fourth place where it occurs, insert “ in respect of those payments to income tax under Chapter 2 of Part 4 of ITTOIA 2005 (interest) or shall be charged to corporation tax under ”, and
  - (f) omit “in respect of those payments”.
- 331 (1) Section 824 (repayment supplements: individuals and others) is amended as follows.
  - (2) In subsection (4A)(b) for “section 231” substitute “ section 397(1) of ITTOIA 2005 ”.
  - (3) Omit subsection (8).
  - (4) In subsection (9) for “to (8)” substitute “ to (7) ”.

<sup>F133</sup>332 .....

**Textual Amendments**

**F133** Sch. 1 para. 332 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

333 <sup>F134</sup> .....

**Textual Amendments**

**F134** Sch. 1 para. 333 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

- 334 (1) Amend section 828 (orders and regulations made by the Treasury or the Board) as follows.
  - (2) In subsection (4) omit “324,”.
  - (3) In subsection (5)—
    - (a) <sup>F135</sup> .....
    - (b) <sup>F135</sup> .....
    - (c) for “that Act” substitute “ either of those Acts ”.



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**Textual Amendments**

**F135** Sch. 1 para. 334(3)(a)(b) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in Sch. 2)

**F136** 335 .....

**Textual Amendments**

**F136** Sch. 1 para. 335 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

336 In section 831(3) (interpretation of ICTA) after the entry relating to “ITEPA 2003” insert—

““ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005;”.

337 In section 832(1) (interpretation of the Tax Acts)—

(a) for the definition of “overseas property business” substitute—

““overseas property business”—

(a) for the purposes of income tax, has the meaning given by Chapter 2 of Part 3 of ITTOIA 2005;

(b) for the purposes of corporation tax, has the meaning given by section 70A(4);”.

(b) **F137** .....

(c) in the definition of “Schedule A business” for “income tax” substitute “corporation tax”.

(d) **F137** .....

(e) for the definition of “tax credit” substitute—

““tax credit” means—

(a) a tax credit under section 231 for the purposes of corporation tax; and

(b) a tax credit under section 397(1) of ITTOIA 2005 for the purposes of income tax;”.

(f) **F137** .....

(g) omit the definition of “Ulster Savings Certificates”.

**Textual Amendments**

**F137** Sch. 1 para. 337(b)(d)(f) repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in Sch. 2)

338 **F138** .....

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### Textual Amendments

**F138** Sch. 1 para. 338-340 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

339 **F139** .....

### Textual Amendments

**F139** Sch. 1 para. 338-340 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

340 **F140** .....

### Textual Amendments

**F140** Sch. 1 para. 338-340 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

- 341 In section 839(3) (connected persons) for “Chapter 1A of Part XV (see section 660G(1) and (2))” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act) ”.
- 342 Omit Schedule 4A (creative artists: relief for fluctuating profits).
- 343 (1) Amend Schedule 5 (treatment of farm animals etc for the purposes of Case I of Schedule D) as follows.
- (2) In paragraph 1—
- after “profits” insert “ chargeable to corporation tax ”, and
  - for “his” substitute “ its ”.
- (3) In paragraph 2—
- in sub-paragraph (1) for “he” substitute “ the farmer ”,
  - omit sub-paragraphs (3)(a), (4)(a) and (5), and
  - in sub-paragraph (6), omit the definitions of “commencement year” and “qualifying year of assessment”.
- (4) In paragraph 3—
- in sub-paragraph (1) after “profits” insert “ chargeable to corporation tax ”,
  - in sub-paragraph (3)(b) for “him” substitute “ the farmer ”,
  - in sub-paragraph (9)(a) for “his” substitute “ the seller's ”, and
  - in sub-paragraph (10)(b) for “him” substitute “ the farmer ”.
- (5) In paragraph 4—
- for “him” substitute “ the farmer ”, and
  - for “he” substitute “ the farmer ”.
- (6) In paragraph 5(1) after “profits” insert “ chargeable to corporation tax ”.
- (7) In paragraph 6—
- in sub-paragraph (1)—

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- (i) for “his” substitute “ its ”, and
    - (ii) for “him” substitute “ the farmer ”,
  - (b) omit sub-paragraphs (2)(a), and (3)(a), and
  - (c) in sub-paragraph (4), omit the definition of “qualifying year of assessment”.
- (8) In paragraph 8—
  - (a) for “him”, in each place it occurs, substitute “ the farmer ”,
  - (b) in sub-paragraph (7)—
    - (i) before “tax” insert “ corporation ”, and
    - (ii) for “chargeable period” substitute “ accounting period ”.
- (9) In paragraph 11 for “chargeable period” substitute “ accounting period ”.
- 344 Omit Schedule 5AA (guaranteed returns on transactions in futures and options).
- 345 Omit Schedule 15A (contractual savings schemes).
- 346 (1) Amend Schedule 15B (venture capital trusts: relief from income tax) as follows.
  - (2) In paragraph 4(1) and (2) omit “under Case VI of Schedule D”.
  - (3) Omit paragraphs 7 to 9.
- 347 (1) Amend Schedule 20 (charities: qualifying investments and loans) as follows.
  - (2) After paragraph 7 insert—

“7A Uncertificated eligible debt security units as defined in section 552(2) of ITTOIA 2005.”
  - (3) In paragraph 8 for “section 56(5)” substitute “ for corporation tax purposes in section 56(5) above and for income tax purposes in section 552(2) of ITTOIA 2005 ”.
- 348 (1) Amend Schedule 22 (reduction of pension fund surpluses) as follows.
  - (2) In paragraph 7(3)(c) for the words from “section 56” to “that section” substitute “ section 551 of ITTOIA 2005 shall by virtue of section 56(3)(b) of this Act ”.
  - (3) After paragraph 7 insert—

“7A (1) This paragraph applies if a calculation falls to be made under paragraph 7 above in a case where—

    - (a) relief is to be given under section 454 of ITTOIA 2005 (listed deeply discounted securities held since 26th March 2003: relief for losses) in respect of a loss sustained on the disposal of securities, and
    - (b) had there been a profit on the disposal it would have been eligible for relief from tax for the year of assessment in which the loss is sustained by virtue of section 592(2).
    - (2) That relief is to be given before the calculation under paragraph 7 above is made.
    - (3) Then the amount of income to which the specified percentage is applied by virtue of sub-paragraph (3)(a) of that paragraph is reduced by the amount of that relief.
    - (4) In this paragraph “disposal” has the same meaning as in Chapter 8 of Part 4 of ITTOIA 2005.”

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- 349 In paragraph 11A(4) of Schedule 24 (assumptions for calculating chargeable profits etc. of foreign companies) after “the Capital Allowances Act” insert “ or section 48 of ITTOIA 2005 ”.
- 350 (1) Amend Schedule 27 (distributing funds) as follows.
- (2) <sup>F141</sup> .....
- (3) <sup>F141</sup> .....
- (4) In paragraph 5(5) after “1996” insert “ or section 714 or 715 of ITTOIA 2005 ”.

#### Textual Amendments

**F141** Sch. 1 para. 350(2)(3) repealed (20.7.2005) by Finance (No. 2) Act 2005 (c. 22), s. 70, {Sch. 11 Pt. 2(3) Note 1}

- 351 (1) Amend Schedule 28AA (provision not at arm's length) as follows.
- <sup>F142</sup>(2) .....
- (3) In paragraph 6E after “Schedule D” insert “ or Chapter 2 of Part 4 of ITTOIA 2005 ”.
- (4) In paragraph 11(1) after “section 492(1)” insert “ above or section 16(1) of ITTOIA 2005 ”.

#### Textual Amendments

**F142** Sch. 1 para. 351(2) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

- 352 (1) Amend Schedule 30 (transitional provisions and savings) as follows.
- <sup>F143</sup>(2) .....
- (3) Omit paragraphs 18 and 18A.

#### Textual Amendments

**F143** Sch. 1 para. 352(2) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

## PART 2

### OTHER ENACTMENTS

#### *Finance Act 1950 (c. 15)*

- 353 The Finance Act 1950 is amended as follows.
- 354 In section 40(3) (modification of section 39 in case of recoveries by assignees and in certain cases of subsidiary companies)—
- (a) omit “by the Special Commissioners under Case VI of Schedule D”, and

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(b) omit “under that Case”.

*Chevening Estate Act 1959 (c. 49)*

355 The Chevening Estate Act 1959 is amended as follows.

356 (1) Amend section 2 (provisions as to income tax, estate duty and stamp duty) as follows.

(2) In subsection (1)—

- (a) omit paragraph (a),
- (b) in paragraph (b) for “Schedule D” substitute “ Part 3 of the Income Tax (Trading and Other Income) Act 2005 ”, and
- (c) in paragraph (c) for the words from “Schedule C” to “annual payment” substitute “ the provisions of the Income Tax (Trading and Other Income) Act 2005 specified in subsection (1A) in respect of the income chargeable under those provisions ”.

(3) After subsection (1) insert—

“(1A) The provisions are—

- (a) Chapter 2 of Part 4 (interest) so far as the income is yearly interest or public revenue dividends (as defined in section 505(1A) of the Income and Corporation Taxes Act 1988),
- (b) Chapter 7 of that Part (purchased life annuity payments),
- (c) Chapter 10 of that Part (distributions from unauthorised unit trusts),
- (d) Chapter 13 of that Part (sales of foreign dividend coupons) so far as the income arises from foreign holdings within section 571(1)(a) (meaning of “foreign holdings” in that Chapter),
- (e) Chapter 2 of Part 5, so far as it relates to annual payments (receipts from intellectual property),
- (f) Chapter 4 of that Part, so far as it relates to annual payments (certain telecommunication rights: non-trading income), and
- (g) Chapter 7 of that Part (annual payments not otherwise charged).”

*Taxes Management Act 1970 (c. 9)*

357 The Taxes Management Act 1970 is amended as follows.

358 (1) Amend section 7 (notice of liability to income tax and capital gains tax) as follows.

(2) In subsection (6)—

- (a) in paragraph (c) for “Schedule F” substitute “ Chapter 3 of Part 4 of ITTOIA 2005 (dividends etc. from UK resident companies etc.) ”, and
- (b) for “Schedule F”, in the second place where it occurs, substitute “ dividend ”.

(3) In subsection (9) in each of paragraphs (a) and (aa) for “Chapter II of Part XIII of the principal Act” substitute “ Chapter 9 of Part 4 of ITTOIA 2005 ”.

359 In section 8(1AA)(b) (personal returns) for “section 231 of the principal Act” substitute “ section 397(1) of ITTOIA 2005 ”.

360 In section 8A(1AA)(b) (trustee's returns) for “section 231 of the principal Act” substitute “ section 397(1) of ITTOIA 2005 ”.

361 In section 9(1) (returns to include self-assessment)—

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- (a) in paragraph (b) for “section 231 of the principal Act” substitute “section 397(1) of ITTOIA 2005”,
- (b) omit “233(1),” and “, 249(4), 421(1) or 547(5)”, and
- (c) for “or section 626 of ITEPA 2003” substitute “, section 626 of ITEPA 2003 or section 399(2), 400(2), 414(1), 421(1) or 530(1) of ITTOIA 2005”.
- 362 Omit section 9D (choice between different Cases of Schedule D).
- 363 In section 12AA(1A)(b) (partnership returns) for “section 231 of the principal Act” substitute “section 397(1) of ITTOIA 2005”.
- 364 In section 12AB(5) (partnership return to include partnership statement) in the definition of “tax credit” after “applies” insert “in the case of corporation tax and section 397(1) of ITTOIA 2005 applies in the case of income tax”.
- 365 In section 12AE(2) (choice between different Cases of Schedule D) omit paragraph (a).
- 366 (1) Amend section 18 (interest paid without deduction of income tax) as follows.
- (2) In subsection (3E)(b) for “relevant” substitute “deeply”.
- (3) For subsection (3F) substitute—
- “(3F) In subsection (3E)(b) above “deeply discounted security” has the same meaning as in Chapter 8 of Part 4 of ITTOIA 2005 (profits from deeply discounted securities) (see section 430 of that Act).”
- 367 (1) Amend section 19 (information for purposes of Schedule A) as follows.
- (2) In subsection (1) after “profits or gains chargeable to tax” insert “under Chapter 3 of Part 3 of ITTOIA 2005 as the profits of a UK property business or”.
- (3) In the side-note after “for purposes of” insert “charge on profits of UK property businesses or under”.
- 368 In section 27(2) (settled property) for “section 660G(1) and (2) of the principal Act” substitute “section 620 of ITTOIA 2005”.
- 369 In section 30 (recovery of overpayment of tax, etc.) omit subsection (4).
- 370 In section 30A(2) (assessing procedure) for “Schedule” substitute “Part or Chapter of ITEPA 2003 or ITTOIA 2005”.
- 371 In section 31(3) (appeals: right of appeal) omit “9D or”.
- 372 In section 42(7) (procedure for making claims etc.) omit the “and” before paragraph (d) and after that paragraph insert “and
- (e) sections 111(1), 126(2), 129(2), 143, 185, 194 and 326 of ITTOIA 2005.”

F144 373 .....

#### Textual Amendments

F144 Sch. 1 paras. 373-375 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 443](#)

F144 374 .....

*Status: Point in time view as at 21/07/2009.*

**Changes to legislation:** Income Tax (Trading and Other Income) Act 2005, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

**Textual Amendments**

**F144** Sch. 1 paras. 373-375 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 443**

**F144**375 .....

**Textual Amendments**

**F144** Sch. 1 paras. 373-375 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 443**

376 In section 59A(8)(b) (payments on account of income tax) for “section 231 of the principal Act” substitute “ section 397(1) of ITTOIA 2005 ”.

377 (1) Amend section 59B (payment of income tax and capital gains tax) as follows.

(2) In subsection (1)—

(a) omit “233(1),” and “, 249(4), 421(1) or 547(5)”, and

(b) for “or section 626 of ITEPA 2003” substitute “, section 626 of ITEPA 2003 or section 399(2), 400(2), 414(1), 421(1) or 530(1) of ITTOIA 2005 ”.

(3) In subsection (2)(b) (payment of income tax and capital gains tax) for “section 231 of that Act” substitute “ section 397(1) of ITTOIA 2005 ”.

**F145**378 .....

**Textual Amendments**

**F145** Sch. 1 para. 378 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

379 (1) Amend section 98 (special returns, etc) as follows.

(2) In subsection (4DA)(c) for “section 98 of the Finance Act 2004” substitute “ section 758 of ITTOIA 2005 ”.

(3) In the first column of the Table—

(a) omit the entry relating to regulations under section 326C of ICTA,

(b) omit the entry relating to section 660F of ICTA, and

(c) at the end insert—

“Section 75(5) of ITTOIA 2005.

Section 128 of ITTOIA 2005

Section 305 of ITTOIA 2005.

Section 647 of ITTOIA 2005.

Regulations under Chapter 3 of Part 6 of ITTOIA 2005.”

(4) In the second column of the Table—

(a) omit the entry relating to regulations under section 326C of ICTA, and

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(b) at the end insert—

“Section 75(4) of ITTOIA 2005.

Regulations under Chapter 3 of Part 6 of ITTOIA 2005.”

380 In section 118(1) (interpretation) after the definition of “ITEPA 2003” insert—

““ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005.”.

381 In Schedule 1A (claims etc. not included in returns), in paragraph 10(b), for “(administration of estates)” substitute “ (administration of estates: corporation tax) or Chapter 6 of Part 5 of ITTOIA 2005 (administration of estates: income tax) ”.

382 (1) Amend Schedule 1B (claims for relief involving two or more years) as follows.

(2) In paragraph 1—

(a) in sub-paragraph (2) for the words from “are any of the following” to “and the same” substitute “ is a claim to which this Schedule applies and the same ”, and

(b) in sub-paragraph (3) for “includes—” to the end substitute “ includes a reference to amendments and revocations to which paragraph 4 below applies. ”

(3) In paragraph 3(1)—

(a) for “a trade of farming or market gardening claims that subsection (2) or (3) of section 96 of the principal Act” substitute “ a qualifying trade, profession or vocation (within the meaning of Chapter 16 of Part 2 of ITTOIA 2005) claims that Chapter 16 of Part 2 of ITTOIA 2005 ”, and

(b) after “that trade” insert “ , profession or vocation ”.

(4) In paragraph 4(1)—

(a) in paragraph (a) for “claims that subsection (2) or (3) of section 96 of the principal Act” substitute “ claims that Chapter 16 of Part 2 of ITTOIA 2005 ”, and

(b) in paragraph (b) for “subsection (9) of that section” substitute “ section 224(4) of that Act ”.

(5) In the italic cross-heading before paragraph 4 for “*section 96(9)*” substitute “ *section 224(4) of ITTOIA 2005* ”.

(6) In paragraph 5—

(a) in sub-paragraph (1)—

(i) for “section 108 of the principal Act” substitute “ section 257 of ITTOIA 2005 ”, and

(ii) for the words from “the date” to “change of basis took place” substitute “ the date of the cessation ”, and

(b) in sub-paragraph (5) for “section 105 of the principal Act” substitute “ section 254 of ITTOIA 2005 ”.



*Status: Point in time view as at 21/07/2009.*

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**Textual Amendments**

**F146** Sch. 1 para. 383 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 443**

384 In paragraph 2(4) of Schedule 3A (electronic lodgement of tax returns, etc.) after “ITEPA 2003” insert “ or ITTOIA 2005 ”.

*Finance Act 1971 (c. 68)*

385 The Finance Act 1971 is amended as follows.

386 In paragraph 8(2)(b) of Schedule 3 (taxation of refunds of contributions and certain other payments) for “to tax on the amount of the payment under Case VI of Schedule D” substitute “—

- (i) to income tax on the full amount of the payment arising in the year of assessment; or
- (ii) to corporation tax on the amount of the payment under Case VI of Schedule D”.

*Finance Act 1973 (c. 51)*

387 The Finance Act 1973 is amended as follows.

388 In Schedule 15 (territorial extension of charge to tax: supplementary provisions), in paragraphs 2(a) and 4(1), for “or section 830 of the Taxes Act 1988” substitute “ , section 830 of the Taxes Act 1988 or section 874 of the Income Tax (Trading and Other Income) Act 2005 ”.

*Biological Standards Act 1975 (c. 4)*

<sup>F147</sup>389 .....

**Textual Amendments**

**F147** Sch. 1 para. 389 repealed (1.4.2009) by [Health and Social Care Act 2008 \(c. 14\)](#), s. 170(3)(4), **Sch. 15 Pt. 7**; S.I. 2009/270, art. 2(2)(b)

<sup>F148</sup>390 .....

**Textual Amendments**

**F148** Sch. 1 para. 390 repealed (1.4.2009) by [Health and Social Care Act 2008 \(c. 14\)](#), s. 170(3)(4), **Sch. 15 Pt. 7**; S.I. 2009/270, art. 2(2)(b)

*Oil Taxation Act 1975 (c. 22)*

391 The Oil Taxation Act 1975 is amended as follows.

392 In section 3(2) (allowance of expenditure (other than expenditure on long-term assets and abortive exploration expenditure))—

- (a) in the first sentence—

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- (i) after “section 579 of the Taxes Act” insert “ or under section 77 of the Income Tax (Trading and Other Income) Act 2005 (“ITTOIA 2005”) ”,
- (ii) after “under that subsection” insert “ or that section ”, and
- (iii) omit “less the amount of the rebate recoverable (within the meaning of that subsection)”, and
- (b) in the second sentence—
  - (i) after “section 492 of the Taxes Act” insert “ or by virtue of section 16 of ITTOIA 2005 ”,
  - (ii) after “paragraph (a) or (b) of that subsection” insert “ or within the definition of “oil-related activities” in section 16(2) of ITTOIA 2005 ”, and
  - (iii) after “if that subsection” insert “ or section ”.

*Inheritance Tax Act 1984 (c. 51)*

- 393 The Inheritance Tax Act 1984 is amended as follows.
- 394 In section 6(3) (excluded property), in paragraph (e)—
- (a) for “certified contractual savings scheme” substitute “ certified SAYE savings arrangement ”, and
  - (b) for “section 326 of the Taxes Act 1988” substitute “ section 703(1) of the Income Tax (Trading and Other Income) Act 2005 ”.
- 395 In section 21(3) (normal expenditure out of income)—
- (a) for “section 657 of the Taxes Act 1988” substitute “ section 423 of the Income Tax (Trading and Other Income) Act 2005 ”, and
  - (b) for “, for the purposes” to “annuity” substitute “ exempt from income tax under section 717 of that Act ”.
- 396 In section 174(1) (liabilities for which allowance is to be made in determining the value of an estate) in paragraph (b)—
- (a) for “Schedule 13 to the Finance Act 1996 (discounted securities)” substitute “ Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (deeply discounted securities) ”, and
  - (b) for “paragraph 4(2) of that Schedule” substitute “ section 437(2) of that Act ”.

*Films Act 1985 (c. 21)*

- 397 The Films Act 1985 is amended as follows.
- 398 In section 6(1) (certification of master negatives, tapes and discs) after “1992” insert “ or Chapter 9 of Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”.
- 399 (1) Amend Schedule 1 (certification in case of British films) as follows.
- (2) In paragraph 2(1) (applications for certification of master negatives, tapes or discs) after “1992” insert “ , or Chapter 9 of Part 2 of the Income Tax (Trading and Other Income) Act 2005, ”.
  - (3) In paragraph 3(1) (certification by Secretary of State of master negatives, tapes or discs) at the end insert “ or, as the case may be, Chapter 9 of Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”.

*Status: Point in time view as at 21/07/2009.*

**Changes to legislation:** Income Tax (Trading and Other Income) Act 2005, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

*Finance Act 1988 (c. 39)*

400 The Finance Act 1988 is amended as follows.

401 (1) Amend section 38 (maintenance payments under existing obligations: 1989-90 onwards) as follows.

(2) In subsection (1) for paragraph (c) substitute—

“(c) is (apart from this section) within a charge to tax under Chapter 7 of Part 5 of the Income Tax (Trading and Other Income) Act 2005 (annual payments not otherwise charged) and is not, by virtue of Chapter 5 of that Part (settlements), treated for any purpose as the income of the person making it.”

(3) In subsection (9) for the words from “65(1)(b)” to “1988” substitute “ 839 of the Income Tax (Trading and Other Income) Act 2005 (annual payments payable out of relevant foreign income) ”.

402 In section 73(2) (consideration for certain restrictive undertakings)—

(a) for “person” substitute “ company ”, and

(b) for “tax” substitute “ corporation tax ”.

403 In Schedule 6 (commercial woodlands) in paragraph 3(2) for “person” substitute “ company ”.

404 In Schedule 12 (building societies: change of status) for paragraph 7 substitute—

*“Certified SAYE savings arrangements*

7 Section 702 of the Income Tax (Trading and Other Income) Act 2005 (interest under certified SAYE savings arrangements to be exempt from income tax) shall have effect in relation to any interest (or bonus) payable after the transfer under a savings arrangement which immediately before the transfer was a certified SAYE savings arrangement (within the meaning of section 703(1) of that Act) in relation to the society despite the fact that it ceased to be such an arrangement by reason of the transfer.”

*Water Act 1989 (c. 15)*

405 In section 95(11) of the Water Act 1989 (vesting in successor company of liability for loans not to affect directions by the Treasury under section 581 of ICTA) for “section 581 of the Income and Corporation Taxes Act 1988” substitute “ section 755 of the Income Tax (Trading and Other Income) Act 2005 ”.

*Finance Act 1989 (c. 26)*

406 The Finance Act 1989 is amended as follows.

407 In section 68(2) (principal charges to tax: employee share ownership trusts)—

(a) in paragraph (a) for “annual profits or gains whose amount” substitute “ income of an amount that ”, and

(b) for paragraph (b) and the word “and” at the end of it substitute—

“(b) that income shall be chargeable to income tax for the year of assessment in which the event occurs,

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- (ba) the tax so chargeable shall be charged on the full amount of the income the trustees are treated as receiving in the year of assessment,
- (bb) the trustees are liable for any tax so chargeable, and”.
- 408 In section 71(4) (further charges to tax: borrowing)—
- (a) in paragraph (a) for “annual profits or gains whose amount” substitute “income of an amount that ”, and
- (b) for paragraph (b) and the word “and” at the end of it substitute—
- “(b) that income shall be chargeable to income tax for the year of assessment at the end of which the further event occurs,
- (ba) the tax so chargeable shall be charged on the full amount of the income the trustees are treated as receiving in the year of assessment,
- (bb) the trustees are liable for any tax so chargeable, and”.
- 409 (1) Amend section 76 (non-approved retirement benefits schemes) as follows.
- (2) In subsection (1) after “Schedule D” insert “ or under Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”.
- (3) In subsection (4)(a) after “Schedule D” insert “ or under Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”.
- (4) In subsection (6C)(a) omit “of the Taxes Act 1988”.
- 410 Omit sections 112 and 113 (security: trades etc.).
- 411 F149 .....

#### Textual Amendments

**F149** Sch. 1 para. 411 repealed (6.4.2007 with effect as stated in [s. 1034\(1\)](#) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. [1031](#), [1034](#), [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

- 412 In paragraph 1 of Schedule 12 (close companies: administrative provisions)—
- (a) omit the word “and” at the end of paragraph (a), and
- (b) after paragraph (b) insert—
- “(c) section 397 of the Income Tax (Trading and Other Income) Act 2005, and
- (d) Chapter 6 of Part 4 of that Act.”

#### *Electricity Act 1989 (c. 29)*

- 413 In paragraph 10 of Schedule 11 to the Electricity Act 1989 (vesting in successor company of liability for loans not to affect directions by the Treasury under section 581 of ICTA) for “section 581 of the 1988 Act” substitute “ section 755 of the Income Tax (Trading and Other Income) Act 2005 ”.

#### *Finance Act 1990 (c. 29)*

- 414 The Finance Act 1990 is amended as follows.

415 F150 .....

*Status: Point in time view as at 21/07/2009.*

**Changes to legislation:** Income Tax (Trading and Other Income) Act 2005, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

**Textual Amendments**

**F150** Sch. 1 para. 415 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in [Sch. 2](#))

416 (1) Amend section 126 (pools payments for football ground improvements) as follows.

<sup>F151</sup>(2) . . . . .

<sup>F151</sup>(3) . . . . .

(4) In subsection (4) after “2001” insert “ (general rule excluding contributions: income and corporation tax) ”.

**Textual Amendments**

**F151** [Sch. 1 para. 416\(2\)\(3\)](#) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

*Finance Act 1991 (c. 31)*

417 The Finance Act 1991 is amended as follows.

<sup>F152</sup>418 . . . . .

**Textual Amendments**

**F152** [Sch. 1 para. 418](#) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

*Social Security Contributions and Benefits Act 1992 (c. 4)*

419 The Social Security Contributions and Benefits Act 1992 is amended as follows.

420 (1) Amend section 15 (Class 4 contributions recoverable under the Income Tax Acts) as follows.

(2) In subsection (1)—

- (a) for “annual profits or gains” substitute “ profits ”,
- (b) omit the “and” at the end of paragraph (a),
- (c) in paragraph (b) for “are profits or gains chargeable to income tax under Case I or Case II of Schedule D” substitute “ are profits chargeable to income tax under Chapter 2 of Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”, and
- (d) at the end of that paragraph insert “and
  - (c) are not profits of a trade, profession or vocation carried on wholly outside the United Kingdom.”

(3) In subsections (2), (3) and (3A) omit “or gains” in each place where they occur.

(4) Omit subsection (4).

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*Changes to legislation: Income Tax (Trading and Other Income) Act 2005, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- 421 In section 16(1) (application of Income Tax Acts and destination of Class 4 contributions) for “Case I or II of Schedule D” substitute “ Chapter 2 of Part 2 of the Income Tax (Trading and Other Income) Act 2005 in respect of the profits of a trade, profession or vocation which is not carried on wholly outside the United Kingdom ”.
- 422 (1) Amend Schedule 2 (levy of Class 4 contributions with income tax) as follows.
- (2) In paragraph 1 after paragraph (a) insert—
- “(ab) “ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005;”.
- (3) In paragraph 2 for “profits or gains” to the end substitute “profits—
- (a) which are the profits of any relevant trade, profession or vocation which is not carried on wholly outside the United Kingdom, and
- (b) which are chargeable to income tax under Chapter 2 of Part 2 of ITTOIA 2005.”
- (4) In paragraphs 3(1), (4) and (5) and 4 omit “or gains” in each place where they occur.
- (5) In paragraph 5—
- (a) in paragraph (a) omit “or gains”, and
- (b) in paragraph (b)—
- (i) for “section 59 of the 1988 Act” substitute “ section 8 of ITTOIA 2005 ”, and
- (ii) omit “or gains”.
- (6) In paragraph 7 omit “or gains”.

*Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7)*

- 423 The Social Security Contributions and Benefits (Northern Ireland) Act 1992 is amended as follows.
- 424 (1) Amend section 15 (Class 4 contributions recoverable under the Income Tax Acts) as follows.
- (2) In subsection (1)—
- (a) for “annual profits or gains” substitute “ profits ”,
- (b) omit the “and” at the end of paragraph (a),
- (c) in paragraph (b) for “are profits or gains chargeable to income tax under Case I or Case II of Schedule D” substitute “ are profits chargeable to income tax under Chapter 2 of Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”, and
- (d) at the end of that paragraph insert “and
- (c) are not profits of a trade, profession or vocation carried on wholly outside the United Kingdom.”
- (3) In subsections (2), (3) and (3A) omit “or gains” in each place where they occur.
- (4) Omit subsection (4).
- 425 (1) Amend Schedule 2 (Schedule 2 to the Social Security Contributions and Benefits Act 1992: levy of Class 4 contributions with income tax) as follows.

*Status: Point in time view as at 21/07/2009.*

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- (2) In paragraph 1 after paragraph (a) insert—
  - “(ab) “ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005;”.
- (3) In paragraph 2 for “profits or gains” to the end substitute “profits—
  - (a) which are the profits of any relevant trade, profession or vocation which is not carried on wholly outside the United Kingdom, and
  - (b) which are chargeable to income tax under Chapter 2 of Part 2 of ITTOIA 2005.”
- (4) In paragraphs 3(1), (4) and (5) and 4 omit “or gains” in each place where they occur.
- (5) In paragraph 5—
  - (a) in paragraph (a) omit “or gains”, and
  - (b) in paragraph (b)—
    - (i) for “section 59 of the 1988 Act” substitute “ section 8 of ITTOIA 2005 ”, and
    - (ii) omit “or gains”.
- (6) In paragraph 7 omit “or gains”.

*Taxation of Chargeable Gains Act 1992 (c. 12)*

426 The Taxation of Chargeable Gains Act 1992 is amended as follows.

F153 427 .....

**Textual Amendments**

F153 Sch. 1 para. 427 omitted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 2 para. 21(h)

F154 428 .....

**Textual Amendments**

F154 Sch. 1 para. 428 omitted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 2 para. 21(h)

F155 429 .....

**Textual Amendments**

F155 Sch. 1 para. 429 omitted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 7 para. 79(b)

430 In section 41(4) (restriction of losses by reference to capital allowances and renewals allowances)—

- (a) in paragraph (b) after “Taxes Act” insert “ or any deduction under section 315 of ITTOIA 2005 ”, and
- (b) in paragraph (c) after “Taxes Act” insert “ or section 170 of ITTOIA 2005 ”.

*Status: Point in time view as at 21/07/2009.*

*Changes to legislation: Income Tax (Trading and Other Income) Act 2005, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

- 431 (1) Amend section 59 (partnerships) as follows.
- (2) Renumber the existing text as subsection (1).
- (3) After that subsection insert—
- “(2) Subsection (3) applies if—
- (a) a person resident in the United Kingdom (“the resident partner”) is a member of a partnership which resides outside the United Kingdom or which carries on any trade, profession or business the control and management of which is situated outside the United Kingdom, and
- (b) by virtue of any arrangements falling within section 788 of the Taxes Act (“the arrangements”) any of the capital gains of the partnership are relieved from capital gains tax in the United Kingdom.
- (3) The arrangements do not affect any liability to capital gains tax in respect of the resident partner's share of any capital gains of the partnership.”
- 432 In section 97(7) (supplementary provisions) for “section 660G(1) and (2) of the Taxes Act” substitute “section 620 of ITTOIA 2005”.
- 433 (1) Amend section 117 (meaning of qualifying corporate bond) as follows.
- (2) In subsection (2AA) for “relevant discounted security for the purposes of Schedule 13 to the Finance Act 1996” substitute “deeply discounted security for the purposes of Chapter 8 of Part 4 of ITTOIA 2005 (see section 430)”.
- (3) In subsection (6C) for “Schedule 13 to the Finance Act 1996 (relevant discounted securities)” substitute “Chapter 8 of Part 4 of ITTOIA 2005 (profits from deeply discounted securities) (see section 433)”.
- 434 (1) Amend section 142 (capital gains on stock dividends) as follows.
- (2) In subsection (1) for the words from “section 249” to “that section” substitute “section 410(2), (3) or (4) of ITTOIA 2005 applies”.
- (3) In subsection (3) for “the appropriate amount in cash (within the meaning of section 251(2) to (4) of the Taxes Act)” substitute “the cash equivalent of the share capital in accordance with section 412 of ITTOIA 2005”.
- 435 After section 148 insert—

**“148A Futures and options involving guaranteed returns**

- (1) Profits and gains that are chargeable under Chapter 12 of Part 4 of ITTOIA 2005 are not to be brought into account for the purposes of capital gains tax, except where section 148B applies.
- (2) Where—
- (a) losses are sustained by a person from a disposal, and
- (b) had profits or gains arisen to the person from the disposal, they would be chargeable under that Chapter,
- the losses are not to be brought into account for the purposes of capital gains tax, except where section 148C applies.



*Status: Point in time view as at 21/07/2009.*

*Changes to legislation: Income Tax (Trading and Other Income) Act 2005, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

### **148B Deemed disposals at a gain under section 564(4) of ITTOIA 2005**

- (1) This section deals with how this Act applies where profits or gains arising to a person from such a disposal as is referred to in section 564(4) of ITTOIA 2005 (“the deemed disposal”) are chargeable to tax under Chapter 12 of Part 4 of that Act.
- (2) Amounts taken into account or allowable as deductions in calculating the profits or gains are not to be excluded from any calculation made for the purposes of this Act as a result of section 37 or 39.
- (3) For the purposes of this Act the amount of the consideration for the acquisition by the person of any asset the person disposes of by the future running to delivery or the exercise of the option is increased by the amount of the profits or gains chargeable under Chapter 12 of Part 4 of ITTOIA 2005.
- (4) Any increase made as a result of subsection (3) is to be disregarded in calculating any indexation allowance.
- (5) For the purposes of this Act the amount of the consideration for the acquisition of any asset acquired by the person by means of the future running to delivery or the exercise of the option is increased by the amount of the profits or gains chargeable under Chapter 12 of Part 4 of ITTOIA 2005.
- (6) If the deemed disposal is a disposal of an option by the grantor, for the purposes of subsections (3) to (5) any determination—
  - (a) whether profits or gains arose to the grantor from that disposal, and
  - (b) of the amount of those profits or gains,is to be made as if the deemed disposal and the disposal by which the option was granted were a single transaction.
- (7) Section 565 of ITTOIA 2005 (interpretation of section 564 of that Act) applies for the purposes of this section as it applies for the purposes of section 564 of that Act.

### **148C Deemed disposals at a loss under section 564(4) of ITTOIA 2005**

- (1) This section deals with how this Act applies where a loss sustained by a person from such a disposal as is referred to in section 564(4) of ITTOIA 2005 (“the deemed disposal”) is brought into account for the purposes of section 392 of ICTA (losses).
- (2) Amounts taken into account or allowable as deductions in calculating that loss are not to be excluded from any calculation made for the purposes of this Act as a result of section 37 or 39.
- (3) If the deemed disposal is a disposal of an option by the grantor, for the purposes of subsections (4) and (5) any determination—
  - (a) whether the grantor sustained a loss from that disposal, and
  - (b) of the amount of that loss,is to be made as if the deemed disposal and the disposal by which the option was granted were a single transaction.
- (4) If the loss from the deemed disposal equals or is less than—

*Status: Point in time view as at 21/07/2009.*

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- (a) the amount of the consideration for the acquisition of any asset acquired by the person sustaining the loss by means of the future running to delivery or the exercise of the option, or
  - (b) the amount of the consideration for the acquisition by that person of any asset the person disposes of by the future running to delivery or the exercise of the option,
- for the purposes of this Act the amount of that consideration is reduced by the amount of the loss.
- (5) If the loss from the deemed disposal exceeds the amount of that consideration—
    - (a) that consideration is reduced to nil, and
    - (b) an amount equal to the excess is treated for the purposes of this Act as a chargeable gain accruing to the person sustaining the loss on the appropriate occasion.
  - (6) In a case where the consideration mentioned in subsection (4)(a) is reduced under subsection (5)(a), the appropriate occasion is the first occasion after the acquisition mentioned in subsection (4)(a) when there is a disposal of the asset in question.
  - (7) In a case where the consideration mentioned in subsection (4)(b) is so reduced, the appropriate occasion is the disposal the person sustaining the loss makes by the future running to delivery or the exercise of the option, as the case may be.
  - (8) In subsection (6) the reference to a disposal of the asset in question includes a reference to anything that would be such a disposal but for section 116(10) or 127.
  - (9) In subsections (6) and (7) the references to a disposal include references to a disposal which, in accordance with this Act, would (apart from subsection (5)(b)) be a disposal on which neither a gain nor a loss accrues.
  - (10) Section 565 of ITTOIA 2005 (interpretation of section 564) applies for the purposes of this section as it applies for the purposes of section 564.”
- 436 In section 151 (personal equity plans) for subsections (2) and (2A) substitute—
- “(2) The provisions of Chapter 3 of Part 6 of ITTOIA 2005 (income from individual investment plans), except section 694(1) and (2), shall apply in relation to regulations made under subsection (1) as they apply to regulations made under section 694(1), but with the substitution for any reference to income tax of a reference to capital gains tax.”
- 437 In section 151A(6) (venture capital trusts: reliefs) for the words from “in accordance” to the end of the subsection substitute “ as references to shares not acquired within the limit in section 709(4) of ITTOIA 2005; and the question whether shares are acquired within that limit shall be determined as it is for the purposes of Chapter 5 of Part 6 of that Act. ”
- 438 After section 151B insert—
- “**151C Strips: manipulation of price: associated payment giving rise to loss**
- (1) This section applies if—

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- (a) as a result of any scheme or arrangement which has an unallowable purpose, the circumstances are, or might have been, as mentioned in paragraph (a), (b) or (c) of section 449(2) of ITTOIA 2005,
    - (b) under the scheme or arrangement, a payment falls to be made otherwise than in respect of the acquisition or disposal of a strip, and
    - (c) as a result of that payment or the circumstances in which it is made, a loss accrues to any person.
  - (2) The loss shall not be an allowable loss.
  - (3) For the purposes of this section a scheme or arrangement has an unallowable purpose if the main benefit, or one of the main benefits that might have been expected to result from, or from any provision of, the scheme or arrangement (apart from section 449 of ITTOIA 2005 and this section) is—
    - (a) the obtaining of a tax advantage by any person, or
    - (b) the accrual to any person of an allowable loss.
  - (4) The reference in subsection (1)(b) to the acquisition or disposal of a strip shall be construed as if it were in Chapter 8 of Part 4 of ITTOIA 2005 (profits from deeply discounted securities) (see, in particular, sections 437 and 445 of that Act for the meaning of “disposal” and “acquisition” and section 444 of that Act for the meaning of “strip”).
  - (5) In subsection (3)(a) “tax advantage” has the meaning given by section 709(1) of the Taxes Act.
  - (6) This section applies to losses accruing on or after 17th March 2004.”
- 439 In section 156(4) (assets of Class 1) after “Taxes Act” insert “ or section 19 of ITTOIA 2005 ”.
- 440 In section 198(5)(b) (replacement of business assets used in connection with oil fields) after “the Taxes Act” insert “ or defined as “oil-related activities” in section 16(2) of ITTOIA 2005 ”.
- 441 (1) Amend section 241 (furnished holiday lettings) as follows.
- (2) For subsection (2) substitute—
    - “(2) For the purposes of this section as it applies to capital gains tax the “commercial letting of furnished holiday accommodation” has the same meaning as it has for the purposes of Chapter 6 of Part 3 of ITTOIA 2005.
- For the purposes of this section as it applies to corporation tax in respect of chargeable gains the “commercial letting of furnished holiday accommodation” has the meaning given by section 504 of the Taxes Act.”
- (3) In subsection (3)(a) for the words from “Schedule A business” to “Kingdom” substitute “ UK property business (within the meaning of the Taxes Act), or any Schedule A business (within the meaning of that Act), which consists of, or so far as it consists of, the commercial letting of furnished holiday accommodation ”.
- 442 In section 251(8)(b) (general provisions concerning debts) for “relevant discounted security for the purposes of Schedule 13 to that Act if paragraph 3(2)(c) of that Schedule” substitute “ deeply discounted security for the purposes of Chapter 8 of Part 4 of ITTOIA 2005 if section 432(2) of that Act ”.

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- 443 In section 254(1)(c) (definition of “a qualifying loan” for relief for debts on qualifying corporate bonds) for “relevant” and “Schedule 13 to the Finance Act 1996” substitute respectively “deeply” and “Chapter 8 of Part 4 of ITTOIA 2005”.
- 444 After section 261 insert—

*“Know-how*

**261A Disposal of know-how as part of disposal of all or part of a trade**

- (1) This section applies if—
- (a) a person carrying on a trade receives consideration for the disposal of know-how which has been used in the trade, and
  - (b) the know-how is disposed of as part of the disposal of all or part of the trade.
- (2) If, as a result of section 194 of ITTOIA 2005, the consideration is treated for income tax purposes as—
- (a) a capital receipt for goodwill (in relation to the person disposing of the know-how), or
  - (b) a capital payment for goodwill (in relation to the person acquiring the know-how),
- the consideration is treated for capital gains tax purposes in the same way.
- (3) This section has effect as if it were contained in Chapter 14 of Part 2 of ITTOIA 2005.”

- 445 (1) Amend section 271 (miscellaneous exemptions) as follows.
- (2) In subsection (1)(f) for “section 322 of the Taxes Act” substitute “ section 771 of ITTOIA 2005 ”.
- (3) In subsection (4)—
- (a) for “bonus”, in both places, substitute “ interest ”,
  - (b) for “section 326 or 326A of the Taxes Act (certified contractual savings schemes and tax-exempt special savings accounts)” substitute “ section 702 of ITTOIA 2005 (certified SAYE savings arrangements) ”,
  - (c) for “savings scheme”, in the first place where it occurs, substitute “ savings arrangement ”,
  - (d) for “certified contractual savings scheme” substitute “ certified SAYE savings arrangement ”,
  - (e) for “scheme”, in the last place where it occurs, substitute “ arrangement ”, and
  - (f) at end insert—

“In this subsection “certified SAYE savings arrangement” has the meaning given by section 703 of ITTOIA 2005.”

- 446 In section 286(3) (connected persons: interpretation) for “Chapter 1A of Part XV of the Taxes Act (see section 660G(1) and (2) of that Act)” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act) ”.
- 447 (1) Amend section 288 (interpretation) as follows.

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- (2) In subsection (1) after the definition of “ITEPA 2003” insert—
- ““ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005;”.
- (3) After subsection (7) insert—
- “(7A) In the application of this Act to Scotland “surrender” includes renunciation.”
- 448 In Schedule A1 (application of taper relief), in paragraph 17(6), for “section 660G(1) and (2) of the Taxes Act” substitute “ section 620 of ITTOIA 2005 ”.
- 449 In Schedule 1 (application of exempt amount and reporting limits in cases involving settled property), in paragraph 2(7), for “section 660G(1) and (2) of the Taxes Act” substitute “ section 620 of ITTOIA 2005 ”.
- 450 In paragraph 13(7)(h) of Schedule 5B (enterprise investment scheme: re-investment)—
- (a) in sub-paragraph (i) after “trade or profession” insert “ carried on wholly or partly in the United Kingdom ”, and
- (b) in sub-paragraph (ii) for the words from “in computing” to the end substitute “ in calculating for tax purposes the profits of that trade or profession ”.
- 451 (1) Amend Schedule 8 (leases) as follows.
- (2) In paragraph 5—
- <sup>F156</sup>(a) .....
- <sup>F156</sup>(b) .....
- <sup>F156</sup>(c) .....
- (d) for sub-paragraph (5) substitute—
- “(5) References in sub-paragraphs (1) and (2) above to a premium include references to—
- (a) a premium deemed to have been received under subsection (4) or (5) of section 34 of the Taxes Act (which correspond to paragraph 3(2) and (3) of this Schedule),
- (b) a sum that becomes payable by the tenant under the terms subject to which a lease is granted in lieu of the whole or a part of the rent for any period,
- (c) a sum that becomes payable by the tenant under the terms subject to which a lease is granted as consideration for the surrender of the lease, and
- (d) a sum that becomes payable by the tenant (otherwise than by way of rent) as consideration for the variation or waiver of any of the terms of a lease.”
- (3) In paragraph 6—
- (a) for sub-paragraph (1) substitute—
- “(1) If—
- (a) under section 37(4) of the Taxes Act (allowance where, by the grant of a sublease, a lessee has converted a capital

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amount into a right to income) a person is to be treated as paying additional rent in consequence of having granted a sublease, or

- (b) under section 292 of ITTOIA 2005 a person is to be treated as incurring expenses in consequence of having granted a sublease,

the amount of any loss accruing to the person on the disposal by way of the grant of the sublease shall be reduced by the total amount of rent which the person is thereby treated as paying, or the total amount of expenses which the person is thereby treated as incurring, over the term of the sublease (and without regard to whether relief is thereby effectively given over the term of the sublease), but not so as to convert the loss into a gain, or to increase any gain.”

- (b) in sub-paragraph (2) at the end insert “ or by virtue of section 282 of ITTOIA 2005 (assignments for profit of lease granted at undervalue) as a receipt of a UK property business (within the meaning of that Act) ”, and
- (c) in sub-paragraph (3) after “that paragraph” insert “ or under section 301 or 302 of ITTOIA 2005 on a claim under that section, ”.

- (4) For paragraph 7 substitute—

“7 If—

- (a) under section 34(2) and (3) of the Taxes Act any amount is brought into account by virtue of section 34(2) and (3) of the Taxes Act as a receipt of a Schedule A business (within the meaning of that Act) which is or is treated as carried on by any person, or
- (b) under section 277 of ITTOIA 2005 any amount is brought into account by virtue of section 278 of that Act as a receipt of a UK property business (within the meaning of that Act) which is carried on by any person,

that person shall be treated for the purposes of the computation of any gain accruing to him as having incurred at the time the lease was granted expenditure of that amount (in addition to any other expenditure) attributable to the asset under section 38(1)(b).”

- (5) In paragraph 7A after “Schedule A business” insert “ or UK property business ”.

#### Textual Amendments

**F156** Sch. 1 para. 451(2)(a)(b)(c) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

#### *Finance (No. 2) Act 1992 (c. 48)*

452 The Finance (No. 2) Act 1992 is amended as follows.

453 (1) Amend section 40A (revenue nature of expenditure on master versions of films) as follows.

- (2) In subsection (1)—

- (a) for “the purposes of the Tax Acts” substitute “ corporation tax purposes ”, and

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- (b) after “section 40D below” insert “ or section 143 of ITTOIA 2005 (corresponding income tax provision) ”.
- (3) In subsection (2) for “the purposes of the Tax Acts” substitute “ corporation tax purposes ”.
- (4) In the definition of “expenditure of a revenue nature” in subsection (4)(a) after “chargeable to” insert “ corporation ”.
- 454 (1) Amend section 40B (allocation of expenditure to periods) as follows.
- (2) In subsection (1) for “person” substitute “ company within the charge to corporation tax ”.
- (3) In subsection (2) after “section 40D below” insert “ or section 143 of ITTOIA 2005 ”.
- (4) In subsection (3)(b) for “up for a period—” to the end substitute “ up for a period, the accounting period of the company. ”
- (5) In subsection (6) for “made—” to the end substitute “ made not later than two years after the end of the relevant period to which the claim relates. ”
- (6) In subsection (7)(b) at the end insert “ or section 135 of ITTOIA 2005 (income tax provision corresponding to this section) ”.
- 455 In section 40C(1) (cases where section 40B does not apply) after “section 42 below” insert “ or under any of sections 138 to 140 of ITTOIA 2005 (corresponding income tax provisions) ”.
- 456 (1) Amend section 40D (election for sections 40A and 40B not to apply) as follows.
- (2) In subsection (1)(a) after “this section” insert “ or under section 143 of ITTOIA 2005 ”.
- (3) In subsection (2)(a)(i) for “a person who carries” substitute “ a company within the charge to corporation tax carrying ”.
- (4) In subsection (4) for “given—” to the end substitute “ given not later than two years after the end of the relevant period in which the master version of the film is completed. ”
- (5) In subsection (7) at the end insert “ or any of that expenditure is deducted under any of sections 137 to 140 of ITTOIA 2005 (corresponding income tax provisions) ”.
- 457 (1) Amend section 41 (relief for preliminary expenditure) as follows.
- (2) In subsection (1)—
- (a) for “tax purposes”, in the first place where it occurs, substitute “ the purposes of corporation tax ”,
- (b) for “a person” substitute “ a company within the charge to corporation tax ”,
- (c) for “that person” substitute “ the company ”,
- (d) for “him” substitute “ it ”, and
- (e) after “section 40D above” insert “ or section 143 of ITTOIA 2005 ”.
- (3) In subsection (6) for “made—” to the end substitute “ made not later than two years after the end of the relevant period in which the expenditure to which it relates becomes payable. ”

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- (4) In subsection (7)—
- (a) after “this section” insert “ or section 137 of ITTOIA 2005 (corresponding income tax provision) ”, and
  - (b) for “tax purposes” substitute “ the purposes of corporation tax ”.
- 458 (1) Amend section 42 (relief for production or acquisition expenditure) as follows.
- (2) In subsection (1)—
- (a) for “tax purposes” substitute “ the purposes of corporation tax ”,
  - (b) for “a person” substitute “ a company ”,
  - (c) for “that person” substitute “ the company ”,
  - (d) after “section 40B above” insert “ or section 135 of ITTOIA 2005 ”, and
  - (e) after “section 40D above” insert “ or section 143 of ITTOIA 2005 ”.
- (3) In subsection (4)—
- (a) in paragraph (b) after “section 41 above” insert “ or section 137 of ITTOIA 2005 ”,
  - (b) in paragraph (c) after “this section” insert “ or any provision of Chapter 9 of Part 2 of ITTOIA 2005 ”.
- (4) In subsection (6) for “shall be made—” to the end substitute “—
- (a) shall be made not later than two years after the end of the relevant period to which the claim relates, and
  - (b) shall be irrevocable.”
- (5) In subsection (7) after “section 40B above” insert “ or section 135 of ITTOIA 2005 ”.
- 459 In section 43(1) after the definition of “expenditure of a revenue nature” insert—
- ““ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005.”.
- 460 Omit section 59 (furnished accommodation).
- 461 Omit Schedule 10 (furnished accommodation).

*Finance Act 1993 (c. 34)*

- 462 The Finance Act 1993 is amended as follows.
- 463 In section 112(7) (employers' pension contributions) in the definition of “basis period” after “Schedule D” insert “ or under Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”.
- 464 (1) Amend section 171 (Lloyd's underwriters etc: taxation of income tax profits) as follows.
- (2) In subsection (2) for paragraphs (a) and (b) substitute—
- “(a) the aggregate of those profits shall be chargeable to tax under Chapter 2 of Part 2 of the Income Tax (Trading and Other Income) Act 2005 as the profits of a trade carried on in the United Kingdom; and
  - (b) accordingly, no part of those profits shall be treated as relevant foreign income, or be charged to tax under any other Part of that Act or any Part of the Income Tax (Earnings and Pensions) Act 2003;”.



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- (3) In subsection (2B) for “section 231(1) of the Taxes Act 1988” substitute “section 397(1) of the Income Tax (Trading and Other Income) Act 2005”.
- 465 In paragraph 13(4) of Schedule 19 (Lloyd's underwriters etc: repayment of tax deducted etc. from investment income) after “others)” insert “ and section 749 of the Income Tax (Trading and Other Income) Act 2005 (exemption of interest paid under repayment supplements) so far as it relates to interest paid under section 824 of the Taxes Act 1988 ”.
- 466 (1) Amend Schedule 20A (Lloyd's underwriters: conversion to limited liability underwriting) as follows.
- (2) In paragraph 2(2) for “Schedule D” substitute “ Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”.
- (3) In paragraph 7(2) for “Schedule D” substitute “ Part 2 of the Income Tax (Trading and Other Income) Act 2005 ”.

*Pension Schemes Act 1993 (c. 48)*

- 467 The Pension Schemes Act 1993 is amended as follows.
- 468 In section 158(4) (disclosure of information between government departments etc.)
- 
- (a) after “carrying on or have carried on” insert “ wholly or partly in the United Kingdom ”, and
- (b) after “chargeable to tax under” insert “ Part 2 of the Income Tax (Trading and Other Income) Act 2005 or ”.

*Pension Schemes (Northern Ireland) Act 1993 (c. 49)*

- 469 The Pension Schemes (Northern Ireland) Act 1993 is amended as follows.
- 470 In section 154(4) (disclosure of information between government departments etc.)
- 
- (a) after “carrying on or have carried on” insert “ wholly or partly in the United Kingdom ”, and
- (b) after “chargeable to tax under” insert “ Part 2 of the Income Tax (Trading and Other Income) Act 2005 or ”.

*Finance Act 1994 (c. 9)*

- 471 The Finance Act 1994 is amended as follows.
- 472 (1) Amend Schedule 20 (changes for facilitating self-assessment: transitional provisions and savings) as follows.
- (2) Omit paragraphs 1 to 10.
- (3) In paragraph 11—
- (a) in sub-paragraph (1) omit “Subject to paragraph 12(2) below,”,
- (b) in sub-paragraph (3) for “under Case VI of Schedule D” substitute “ to income tax ”, and
- (c) in sub-paragraph (3) at the end insert “ , and the person shall be liable for any tax so chargeable ”.

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(4) Omit paragraphs 12 and 13.

- 473 In paragraph 26 of Schedule 24 (vesting in successor company of the British Railways Board of liability for loans to that Board not to affect directions by the Treasury under section 581 of ICTA) for “section 581 of the Taxes Act 1988” substitute “ section 755 of the Income Tax (Trading and Other Income) Act 2005 ”.

*Coal Industry Act 1994 (c. 21)*

- 474 In paragraph 17(1) of Schedule 4 to the Coal Industry Act 1994 (vesting in successor company of liability for loans not to affect directions by the Treasury under section 581 of ICTA) for “section 581 of the 1988 Act” substitute “ section 755 of the Income Tax (Trading and Other Income) Act 2005 ”.

*Finance Act 1995 (c. 4)*

- 475 The Finance Act 1995 is amended as follows.
- 476 Omit section 56 (foreign life policies etc).
- 477 In section 73(1)(a) (venture capital trusts: regulations) after “1992” insert “ or Chapter 5 of Part 6 of the Income Tax (Trading and Other Income) Act 2005 ”.
- 478 In section 123 (prevention of exploitation of transitional provisions) for “2(2) and (4), 4(2) and 6(2)(a) and (4) of Schedule 20 to the Finance Act 1994” substitute “ 52 and 53 of Schedule 2 to the Income Tax (Trading and Other Income) Act 2005 ”.
- 479 (1) Amend section 126 (UK representatives of non-residents) as follows.
- (2) In subsections (6) and (7) for “the deemed trade or profession from which the non-resident's share in the partnership's profits or losses is treated for the purposes of section 111 or 114 of the Taxes Act 1988 as deriving” substitute “ the notional or deemed trade or profession ”.
- (3) After subsection (7) insert—
- “(7A) In subsections (6) and (7) “the notional or deemed trade or profession” means—
- (a) the notional trade from which the non-resident's share in the partnership's profits or losses is treated for the purposes of section 852 of the Income Tax (Trading and Other Income) Act 2005 as deriving, or
- (b) the deemed trade or profession from which that share is treated for the purposes of section 114 of the Taxes Act as deriving.”

480 F157 .....

**Textual Amendments**

F157 Sch. 1 para. 480 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

481 F158 .....

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### Textual Amendments

**F158** Sch. 1 para. 481 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

- 482 In section 157(7) (certificates of tax deposit) for “Case III of Schedule D” substitute “ Chapter 2 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (interest) ”.
- 483 In paragraph 3(4) of Schedule 18 (deceased persons' estates) after “Schedule)” insert “ and sections 652, 660 and 665 of the Income Tax (Trading and Other Income) Act 2005 ”.
- 484 (1) Amend Schedule 22 (prevention of exploitation of transitional provisions to facilitate self-assessment) as follows.
- (2) Omit paragraph 2.
- (3) In paragraph 3—
- (a) in sub-paragraph (1)(a) for “paragraph 2(4) of Schedule 20 to the Finance Act 1994” substitute “ paragraph 52 of Schedule 2 to the Income Tax (Trading and Other Income) Act 2005 (“ITTOIA 2005”) ”,
- (b) in sub-paragraph (2) for “the said paragraph 2(4)” substitute “ paragraph 52 of that Schedule ”,
- (c) in sub-paragraph (4), in the definition of “the transitional overlap period”, after “1996-97” insert “ (determined in accordance with paragraph 1 of Schedule 20 to the Finance Act 1994 despite the repeal by ITTOIA 2005 of that paragraph) ” and after “that year” insert “ (as so determined) ”, and
- (d) in sub-paragraph (4), in the definition of “the transitional overlap profit”, for “the said paragraph 2(4)” substitute “ paragraph 52(2) of Schedule 2 to ITTOIA 2005 ”.
- (4) Omit paragraph 4.
- (5) In paragraph 5—
- (a) in sub-paragraph (1) for “paragraph 2(4) of Schedule 20 to the Finance Act 1994” substitute “ paragraph 52 of Schedule 2 to ITTOIA 2005 ”,
- (b) in sub-paragraph (3) for “the said paragraph 2(4)” substitute “ paragraph 52 of Schedule 2 to ITTOIA 2005 ”, and
- (c) in sub-paragraph (5), in the definition of “the transitional overlap profit”, for “the said paragraph 2(4)” substitute “ paragraph 52(2) of Schedule 2 to ITTOIA 2005 ”.
- (6) Omit paragraph 6.
- (7) In paragraph 7—
- (a) in sub-paragraph (1) for “paragraph 6(4) of Schedule 20 to the Finance Act 1994” substitute “ paragraph 53 of Schedule 2 to ITTOIA 2005 ”,
- (b) in sub-paragraph (2) for “the said paragraph 6(4)” substitute “ paragraph 53 of that Schedule ”,
- (c) in sub-paragraph (4), in the definition of “the transitional overlap period”, after “1996-97” insert “ (determined in accordance with paragraph 1 of

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Schedule 20 to the Finance Act 1994 despite the repeal by ITTOIA 2005 of that paragraph) ” and after “that year” insert “ (as so determined) ”, and

- (d) in sub-paragraph (4), in the definition of “the transitional overlap profit”, for “the said paragraph 6(4)” substitute “ paragraph 53(3) of Schedule 2 to ITTOIA 2005 ”.

(8) Omit paragraphs 8 to 10.

(9) In paragraph 14(1) for “paragraphs 1, 3, 6 and 7” substitute “ paragraphs 1, 3 and 7 ”.

(10) In paragraph 15(1) for “paragraphs 1, 3, 6 and 7” substitute “ paragraphs 1, 3 and 7 ”.

(11) Omit paragraphs 18 to 20.

(12) In the heading for “SCHEDULE 20 TO FINANCE ACT 1994” substitute “ SCHEDULE 2 TO ITTOIA 2005 (SO FAR AS RELATING TO OVERLAP PROFIT) ”.

*Finance Act 1996 (c. 8)*

485 The Finance Act 1996 is amended as follows.

F159 486 .....

**Textual Amendments**

**F159** Sch. 1 para. 486 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

487 Omit section 102 (discounted securities: income tax provisions).

F160 488 .....

**Textual Amendments**

**F160** Sch. 1 para. 488 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F161 489 .....

**Textual Amendments**

**F161** Sch. 1 para. 489 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

490 Omit Schedule 13 (discounted securities: income tax provisions).

491 (1) Amend Schedule 15 (loan relationships: savings and transitional provisions) as follows.

(2) In paragraph 26(2) for the definition of “relevant discounted security” substitute—

““deeply discounted security” has the same meaning as in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (see section 430)”.

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(3) In paragraph 28(b) for “Schedule 13 to this Act” and “relevant” substitute respectively “ Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (profits from deeply discounted securities)” and “ deeply ”.

(4) In paragraph 30(1)(c) for “relevant” substitute “ deeply ”.

*Finance Act 1997 (c. 16)*

492 The Finance Act 1997 is amended as follows.

<sup>F162</sup>493 .....

**Textual Amendments**

**F162** Sch. 1 para. 493 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 14 para. 17(n)

494 (1) Amend Schedule 12 (leasing arrangements: finance leases and loans) as follows.

(2) In paragraph 11—

(a) in sub-paragraph (9) after “1992” insert “ or section 135, 138, 139 or 140 of ITTOIA 2005 ”,

(b) in sub-paragraph (10)(b) after “1992” insert “ or section 134(2) of ITTOIA 2005 ”,

<sup>F163</sup>(c) .....

<sup>F163</sup>(d) .....

(3) In paragraph 30—

(a) in sub-paragraph (1) before the definition of “lease” insert—

““ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005;”, and

(b) in sub-paragraph (2)(b) for “Case I or II of Schedule D” substitute “ Part 2 of ITTOIA 2005 ”.

**Textual Amendments**

**F163** Sch. 1 para. 494(2)(c)(d) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

*Finance Act (No.2) 1997 (c. 58)*

495 The Finance (No.2) Act 1997 is amended as follows.

496 In section 30 (tax credits)—

(a) in subsection (9) after “above” insert “ and rewritten in section 397(3) of the Income Tax (Trading and Other Income) Act 2005 ”, and

(b) in subsection (10)(a) for “section 231 of the Taxes Act 1988” substitute “ section 397 of the Income Tax (Trading and Other Income) Act 2005 ”.

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**Changes to legislation:** Income Tax (Trading and Other Income) Act 2005, SCHEDULE 1 is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- 497 In section 37(7) (interest to be paid gross) for “sections 722A(5) and 730C(9), and in paragraph 3A(2)(a) of Schedule 23A, (which all” substitute “ section 722A(5), and in paragraph 3A(2)(a) of Schedule 23A, (which ”.
- 498 In section 48(1) (relief for expenditure on production or acquisition of films) after “, section 41 above or this section” insert “ or by virtue of any provision of Chapter 9 of Part 2 of ITTOIA 2005 ”.

*Finance Act 1998 (c. 39)*

499 The Finance Act 1998 is amended as follows.

<sup>F164</sup>500 .....

**Textual Amendments**

**F164** Sch. 1 para. 500 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

501 Omit section 43 (barristers and advocates in early years of practice).

<sup>F165</sup>502 .....

**Textual Amendments**

**F165** Sch. 1 para. 502 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

503 In section 76(3) (power to make regulations for non-UK residents who have made investments under individual investment plans to be treated as UK resident for the purpose of tax credits) for “section 333 of the Taxes Act 1988” substitute “ Chapter 3 of Part 6 of the Income Tax (Trading and Other Income) Act 2005 ”.

- 504 In section 123(7)—
- (a) for “both” substitute “ more ”,
  - (b) in paragraph (a) for the words from “(regulations” onwards substitute “ (investment plan regulations) ”, and
  - (c) at the end of paragraph (b) add “and  
(c) Chapter 3 of Part 6 of the Income Tax (Trading and Other Income) Act 2005 (income from individual investment plans),”.

*Finance Act 1999 (c. 16)*

505 The Finance Act 1999 is amended as follows.

<sup>F166</sup>506 .....

**Textual Amendments**

**F166** Sch. 1 para. 506 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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- 507 (1) Amend section 65 (relevant discounted securities) as follows.
- (2) Omit subsections (1) to (6).
- (3) In subsection (8) for “subsections (1) to (7) above have” substitute “ subsection (7) above has ”.
- (4) In subsections (9) and (10) for “subsections (1) to (7)”, “have effect” and “do not affect” substitute “ subsection (7) ”, “ has effect ” and “ does not affect ” respectively.
- (5) In subsections (11) and (12) for “subsections (1) to (7) above have” substitute “ subsection (7) above has ”.
- 508 In section 85(7)(b) (advance pricing agreements etc.) after “Taxes Act 1988” insert “ or section 16(1) of the Income Tax (Trading and Other Income) Act 2005 ”.
- <sup>F167</sup>509 .....

**Textual Amendments**

**F167** Sch. 1 para. 509 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

*Commonwealth Development Corporation Act 1999 (c. 20)*

- 510 (1) Amend paragraph 6 of Schedule 3 to the Commonwealth Development Corporation Act 1999 (distributions by the Commonwealth Development Corporation) as follows.
- (2) In sub-paragraph (2)(b) after “section 231 of that Act” insert “ or section 397 of the Income Tax (Trading and Other Income) Act 2005 (tax credits for qualifying distributions: UK residents and eligible non-UK residents) ”.
- (3) In sub-paragraph (3) for “corporation tax and income tax” substitute “ income tax as dividends of a non-UK resident company chargeable under Chapter 4 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (and accordingly as relevant foreign income for the purposes of that Act), and for the purposes of corporation tax ”.
- (4) Omit sub-paragraph (4).

*Finance Act 2000 (c. 17)*

- 511 The Finance Act 2000 is amended as follows.
- 512 (1) Amend section 44 (gifts to charity from certain trusts) as follows.
- (2) Omit subsections (1) to (3).
- (3) In subsection (4)—
- (a) for “UK trust” substitute “ trust the trustees of which are resident in the United Kingdom (a “UK trust”) ”, and
- (b) for “subsection (1) above” substitute “ section 628(1) or 630(1) of ITTOIA 2005 ”.
- (4) For subsection (5) substitute—

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“(5) In this section—

“qualifying income” has the same meaning as in section 628 of ITTOIA 2005; and

“resident”, in relation to the trustees of a trust, shall be construed in accordance with section 110 of the Finance Act 1989.”

513 Omit section 45 (loans to charities).

514 (1) Amend section 46 (exemption for small trades etc.) as follows.

(2) In subsection (1) for the words from the beginning to “shall be granted,” substitute—

“(1) Subject to subsections (2) and (2A) below, exemption—

(a) from income tax—

(i) under Part 2 of ITTOIA 2005 in respect of a trade carried on wholly or partly in the United Kingdom, or

(ii) under or by virtue of any provision to which section 836B of the Taxes Act 1988 applies, or

(b) from corporation tax under Case I or VI of Schedule D, shall be granted”.

(3) For subsection (2) substitute—

“(2) Exemption shall not be granted under subsection (1) above in respect of income which is chargeable to—

(a) income tax under or by virtue of any provision to which section 836B of the Taxes Act 1988 applies, or

(b) corporation tax under Case VI of Schedule D,

by virtue of any of the provisions mentioned in subsection (2A).

(2A) The provisions are—

(a) sections 214, 547(1)(b), 703, 776, 788, 790 or 804 of the Taxes Act 1988;

(b) paragraph 52(4) of Schedule 18 to the Finance Act 1998;

(c) Chapter 9 of Part 4, and Chapter 5 of Part 5, of ITTOIA 2005; and

(d) any other enactment specified in an order made by the Treasury.”

(4) In subsection (6), in the definition of “income”—

(a) after “means” insert “—

(a) any profits or other income or gains —

(i) which are chargeable to income tax under Part 2 of ITTOIA 2005 in respect of a trade carried on wholly or partly in the United Kingdom, or

(ii) which are chargeable to income tax under or by virtue of any provision to which section 836B of the Taxes Act 1988 applies,

and which (in either case) are not, apart from this section, exempted from income tax chargeable under or by virtue of that Part or provision, or

(b) ”,

(b) after “chargeable to” insert “ corporation ”.



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- 515 Omit section 84 (exemption of payments under New Deal 50plus).
- 516 Omit section 85 (exemption of payments under Employment Zones programmes).
- 517 Omit section 87 (treatment of certain telecommunication rights).
- 518 In section 143(2) (power to provide incentives to use electronic communications) for “purposes of the Tax Acts” substitute “ corporation tax purposes ”.
- 519 In section 155 (interpretation) at the end insert “ and “ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005 ”.

F168 520 .....

#### Textual Amendments

**F168** Sch. 1 para. 520 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

- 521 In Schedule 15 (the corporate venturing scheme), in paragraph 99(3), for “Chapter 1A of Part XV of the Taxes Act 1988 (see section 660G(1) and (2))” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act) ”.
- 522 In Schedule 22 (tonnage tax), in paragraph 144(3), for “Chapter 1A of Part XV of the Taxes Act 1988 (see section 660G(1) and (2) of that Act)” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act) ”.
- 523 Omit Schedule 23 (treatment of certain telecommunication rights).

#### *Capital Allowances Act 2001 (c. 2)*

- 524 The Capital Allowances Act 2001 is amended as follows.
- 525 In section 4 (capital expenditure) for subsection (5) substitute—
  - “(5) Subsection (4) does not apply to any expenditure or sum in the case of which a deduction of income tax falls or may fall to be so made as a result of section 595(2) of ITTOIA 2005 or section 524(3)(b) of ICTA (receipts from sale of patent rights by person not resident in the UK: income and corporation tax).”
- 526 (1) Amend section 15 (qualifying activities) as follows.
  - (2) In subsection (1)—
    - (a) in paragraph (b) for “Schedule A” substitute “ property ”,
    - (b) in paragraph (f) after “listed in” insert “ section 12(4) of ITTOIA 2005 or ”.
  - (3) In subsection (3)(a) for “Schedule A” substitute “ property ”.
- 527 (1) Amend section 16 (ordinary Schedule A businesses) as follows.
  - (2) For ““ordinary Schedule A” substitute “ “ordinary property ”.
  - (3) For “means a Schedule A business” substitute “ means a UK property business, or a Schedule A business, ”.
  - (4) In the side-note for “Schedule A” substitute “ property ”.
- 528 (1) Amend section 17 (furnished holiday lettings businesses) as follows.

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- (2) In subsection (1) for “a Schedule A business in so far” to the end substitute “ a UK property business, or a Schedule A business, which consists in, or so far as it consists in, the commercial letting of furnished holiday accommodation ”.
- (3) For subsection (3) substitute—
- “(3) For the purposes of income tax the “commercial letting of furnished holiday accommodation” has the same meaning as it has for the purposes of Chapter 6 of Part 3 of ITTOIA 2005.
- For the purposes of corporation tax the “commercial letting of furnished holiday accommodation” has the meaning given by section 504 of ICTA.”
- 529 In section 20(1) (employments and offices) for “section 314 of ICTA” substitute “ section 15 of ITTOIA 2005 ”.
- 530 In section 23(2) (expenditure unaffected by sections 21 and 22) before “40D” insert “ 143 of ITTOIA 2005 or section ”.
- 531 In section 28(2) (thermal insulation of industrial buildings) for “Schedule A” substitute “ property ”.
- 532 In section 33(8)(b) (personal security) for “Schedule A” substitute “ property ”.
- 533 In section 35(1)(a) (expenditure on plant or machinery for use in dwelling-house not qualifying expenditure in certain cases) for “Schedule A” substitute “ property ”.
- 534 In section 38(a) (production of animals etc)—
- (a) after “to which” insert “ section 30 or Chapter 8 of Part 2 of ITTOIA 2005 or ”, and
- (b) after “purposes of” insert “ Part 2 of ITTOIA 2005 or ”,
- 535 (1) Amend section 63 (cases in which disposal value is nil) as follows.
- (2) In subsection (2)(c) after “within the meaning of” insert “ section 110 of ITTOIA 2005 or ”.
- (3) In subsection (3)(b) for “Schedule A” substitute “ property ”.
- (4) In subsection (4) after “to be read with” insert “ section 109 of ITTOIA 2005 and ”.
- 536 (1) Amend section 106 (the designated period) as follows.
- (2) In subsection (3)(b) for the words from “the qualifying activity” to the end substitute “\_\_
- (i) there was a change in the persons carrying on the qualifying activity which did not involve all of the persons carrying on that activity before the change permanently ceasing to carry it on, or
- (ii) the qualifying activity carried on by the person making the disposal was treated as continuing under section 114(1) of ICTA (effect of partnership changes involving companies).”
- (3) Omit subsection (4).
- 537 (1) Amend section 108 (effect of disposal to connected person on overseas leasing pool) as follows.

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- (2) In subsection (1) for paragraph (b) and the word “and” at the end of that paragraph substitute—
- “**(b)** the disposal is one on the occasion of which—
- (i) there was a change in the persons carrying on the qualifying activity which involved all of the persons carrying on that activity before the change permanently ceasing to carry it on, or
- (ii) the qualifying activity carried on by the person making the disposal was not treated as continuing under section 114(1) or 343(2) of ICTA (effect of partnership changes involving companies or of company reconstructions), and”.
- (3) Omit subsection (4).
- 538 (1) Amend section 112 (excess allowances: connected persons) as follows.
- (2) In subsection (1) for paragraph (b) and the word “and” at the end of that paragraph substitute—
- “**(b)** the transaction (or each of the transactions) is one—
- (i) which involved all of the persons carrying on the qualifying activity before the transaction permanently ceasing to carry it on, or
- (ii) in respect of which the qualifying activity carried on by the person making the disposal was not treated as continuing under section 114(1) or 343(2) of ICTA (effect of partnership changes involving companies or of company reconstructions), and”.
- (3) Omit subsection (5).
- 539 (1) Amend section 115 (prohibited allowances: connected persons) as follows.
- (2) In subsection (1) for paragraph (c) and the word “and” at the end of that paragraph substitute—
- “**(c)** the transaction (or each of the transactions) is one—
- (i) which involved all of the persons carrying on the qualifying activity before the transaction permanently ceasing to carry it on, or
- (ii) in respect of which the qualifying activity carried on by the person making the disposal was not treated as continuing under section 114(1) or 343(2) of ICTA (effect of partnership changes involving companies or of company reconstructions), and”.
- (3) Omit subsection (3).
- 540 (1) Amend section 122 (short-term leasing by buyer, lessee etc) as follows.
- (2) In subsection (2) for paragraph (c) substitute—
- “**(c)** a person who acquired the plant or machinery from X as a result of a disposal on the occasion of which, or two or more disposals on the occasion of each of which—
- (i) there was a change in the persons carrying on the qualifying activity which did not involve all of the persons carrying on

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- that activity before the change permanently ceasing to carry it on, or
- (ii) the qualifying activity carried on by the person making the disposal was treated as continuing under section 114(1) of ICTA (effect of partnership changes involving companies);”.
- (3) Omit subsection (3).
- 541 (1) Amend section 125 (other qualifying purposes) as follows.
- (2) In subsection (3) for paragraph (c) substitute—
- “(c) a person who acquired the plant or machinery from X as a result of a disposal on the occasion of which, or two or more disposals on the occasion of each of which—
- (i) there was a change in the persons carrying on the qualifying activity which did not involve all of the persons carrying on that activity before the change permanently ceasing to carry it on, or
- (ii) the qualifying activity carried on by the person making the disposal was treated as continuing under section 114(1) of ICTA (effect of partnership changes involving companies).”
- (3) Omit subsection (5).
- 542 In section 154(3) (further registration requirement) for paragraph (b) substitute—
- “(b) the only changes in the persons carrying it on between the time that B does so and the time that A or a person connected with A does so are changes—
- (i) which do not involve all of the persons carrying it on before the changes permanently ceasing to carry it on, or
- (ii) in respect of which the qualifying activity is treated as continuing under section 343(2) of ICTA.”
- 543 In section 155(1) (changes in the persons carrying on qualifying activity) for paragraph (b) substitute—
- “(b) the only changes in the persons carrying on the qualifying activity since the shipowner carried it on are changes—
- (i) which do not involve all of the persons carrying it on before the changes permanently ceasing to carry it on, or
- (ii) in respect of which the qualifying activity is treated as continuing under section 343(2) of ICTA.”
- 544 In section 156 (connected persons) for subsection (2) substitute—
- “(2) The condition is that the only changes in the persons carrying on the qualifying activity since A carried it on are changes—
- (a) which do not involve all of the persons carrying it on before the changes permanently ceasing to carry it on, or
- (b) in respect of which the qualifying activity is treated as continuing under section 343(2) of ICTA.”
- 545 In section 162(2) (ring fence trade a separate qualifying activity)—

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- (a) in paragraph (a), after “fall within” insert “ the definition of “oil-related activities” in section 16(2) of ITTOIA 2005 or within ”, and
  - (b) in paragraph (b), after “as a result of” insert “ section 16(1) of ITTOIA 2005 or ”.
- 546 In section 248 (ordinary Schedule A businesses)—
  - (a) for “Schedule A” substitute “ property ”, and
  - (b) in the side-note for “Schedule A” substitute “ property ”.
- 547 In section 252 (mines, transport undertakings etc)—
  - (a) after “is a concern listed in” insert “ section 12(4) of ITTOIA 2005 or ”, and
  - (b) after “the profits of the concern under” insert “ Chapter 2 of Part 2 of ITTOIA 2005 or, as the case may be, under ”.
- 548 In section 258(4) (special leasing: income tax) for “taxed under Case VI of Schedule D” substitute “ assessed to income tax ”.
- 549 (1) Amend section 263 (qualifying activities carried on in partnership) as follows.
  - (2) In subsection (1) for paragraph (c) substitute—

“(c) the following condition is met.”
  - (3) After that subsection insert—

“(1A) The condition is that—

    - (a) the change does not involve all of the partners permanently ceasing to carry on the qualifying activity, or
    - (b) the change does not result in the qualifying activity being treated under section 18 or 362 of ITTOIA 2005 as permanently ceasing to be carried on by a company or treated as discontinued under section 337(1) of ICTA (companies beginning or ceasing to carry on trade etc.).”
- 550 (1) Amend section 265 (successions: general) as follows.
  - (2) In subsection (1) for paragraph (b) substitute—

“(b) the following condition is met.”
  - (3) After that subsection insert—

“(1A) The condition is that—

    - (a) all of the persons carrying on the qualifying activity before the succession permanently cease to carry it on, or
    - (b) the qualifying activity is treated under section 18 or 362 of ITTOIA 2005 as permanently ceasing to be carried on by a company or treated as discontinued under section 337(1) of ICTA (companies beginning or ceasing to carry on trade etc.).”
- 551 In 268(1) (successions by beneficiaries) for paragraph (b) and the word “and” at the end of that paragraph substitute—

“(b) all of the persons carrying on the qualifying activity before the succession permanently cease to carry it on, and”.

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**Textual Amendments**

**F169** Sch. 1 paras. 552-558 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 27 para. 26

F169 553 . . . . .

**Textual Amendments**

**F169** Sch. 1 paras. 552-558 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 27 para. 26

F169 554 . . . . .

**Textual Amendments**

**F169** Sch. 1 paras. 552-558 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 27 para. 26

F169 555 . . . . .

**Textual Amendments**

**F169** Sch. 1 paras. 552-558 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 27 para. 26

F169 556 . . . . .

**Textual Amendments**

**F169** Sch. 1 paras. 552-558 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 27 para. 26

F169 557 . . . . .

**Textual Amendments**

**F169** Sch. 1 paras. 552-558 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 27 para. 26

F169 558 . . . . .

**Textual Amendments**

**F169** Sch. 1 paras. 552-558 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 27 para. 26

559 In section 393B(4) (meaning of “qualifying expenditure”) after “the profits of a” insert “ UK property business or ”

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- 560 (1) Amend section 393T (giving effect to allowances and charges) as follows.
- (2) In subsection (2) for “a Schedule A business” substitute “ a UK property business, or a Schedule A business, ”.
- (3) After that subsection insert—
- “(2A) If the person is within the charge to income tax in respect of the allowance or charge and his interest in the flat is not an asset of a UK property business carried on by him at any time in that period, the allowance or charge is to be given effect by treating him as if he had been carrying on a UK property business in that period and as if—
- (a) the allowance were an expense of that business, and
- (b) the charge were a receipt of that business.”
- (4) In subsection (3)—
- (a) for “the person's” substitute “ the person is a company within the charge to corporation tax in respect of the allowance or charge and its ”,
- (b) for “him”, in both places where it occurs, substitute “ the company ”, and
- (c) for “he” substitute “ it ”.
- 561 (1) Amend section 406 (reduction where premium relief previously allowed) as follows.
- (2) In subsection (1) for “section 87 of ICTA” substitute “ sections 60 to 67 of ITTOIA 2005 or under sections 87 and 87A of ICTA ”.
- (3) In subsection (2) for “section 87 of ICTA” substitute “ sections 60 to 67 of ITTOIA 2005 or under sections 87 and 87A of ICTA ”.
- 562 In section 454(1)(c) (qualifying expenditure) after “an election under” insert “ section 194 of ITTOIA 2005 or under ”.
- 563 In section 455(4) (excluded expenditure) after “goodwill under” insert “ section 194(3) of ITTOIA 2005 or under ”.
- 564 In section 462(3) (disposal values) after “goodwill under” insert “ section 194(2) of ITTOIA 2005 or under ”.
- 565 In section 479(4) (persons having qualifying non-trade expenditure: income tax) for “taxed under Case VI of Schedule D” substitute “ assessed to income tax ”.
- 566 In section 481(5)(b) (anti-avoidance: limit on qualifying expenditure) after “in accordance with section” insert “ 587 of ITTOIA 2005 or section ”.
- 567 In section 483(c) (meaning of “income from patents”) after “payable under” insert “ section 587, 593 or 594 of ITTOIA 2005 or under ”.
- 568 In section 488(3)(a) (balancing allowances) for “section 113(1)” to “to trade etc.)” substitute “ section 18 of ITTOIA 2005 or section 337(1) of ICTA (effect of company ceasing to trade etc.) ”.
- 569 (1) Amend section 529 (giving effect to allowances and charges) as follows.
- (2) In subsection (1) for “a Schedule A business” substitute “ a UK property business, or a Schedule A business, ”.
- (3) After that subsection insert—

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- “(1A) If the person entitled or liable to an allowance or charge for a chargeable period is within the charge to income tax in respect of the allowance or charge and he was not carrying on a UK property business at any time in that period, the allowance or charge is to be given effect by treating him as if he had been carrying on such a business in that period and as if—
- (a) the allowance were an expense of that business, and
- (b) the charge were a receipt of that business.”
- (4) In subsection (2)—
- (a) for the words from the beginning to “chargeable period” substitute “ If the person entitled or liable to an allowance or charge for a chargeable period is a company within the charge to corporation tax in respect of the allowance or charge and it ”,
- (b) for “him” substitute “ the company ”, and
- (c) for “he” substitute “ it ”.
- 570 In section 536(5)(a) (contributions not made by public bodies and not eligible for tax relief)—
- (a) in sub-paragraph (i) for “Schedule A” substitute “ property ”, and
- (b) in sub-paragraph (v) after “listed in” insert “ section 12(4) of ITTOIA 2005 or ”.
- 571 In section 558(1)(c) (effect of partnership changes) for the words from “result in” to the end substitute “—
- (i) involve all of the persons carrying on the relevant activity before the change permanently ceasing to carry it on, or
- (ii) result in the relevant activity being treated under section 18 or 362 of ITTOIA 2005 as permanently ceasing to be carried on by a company or treated as discontinued under section 337(1) of ICTA (companies beginning or ceasing to carry on trade etc.).”
- 572 (1) Amend section 559 (effect of successions) as follows.
- (2) In subsection (1) for paragraph (b) substitute—
- “(b) the following condition is met.”
- (3) After that subsection insert—
- “(1A) The condition is that—
- (a) all of the persons carrying on the relevant activity before the succession permanently cease to carry it on, or
- (b) the relevant activity is treated under section 18 or 362 of ITTOIA 2005 as permanently ceasing to be carried on by a company or treated as discontinued under section 337(1) of ICTA (companies beginning or ceasing to carry on trade etc.).”
- 573 In section 577(1) (definitions) in the definition of “property business” after “means” insert “ a UK property business, ”.
- 574 (1) Amend Schedule 1 (abbreviations and defined expressions) as follows.
- (2) In Part 1 in the appropriate place insert—



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“ITTOIA 2005	The Income Tax (Trading and Other Income) Act 2005”.
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- (3) In Part 2—
- (a) in the entry for “ordinary Schedule A business” for “Schedule A” substitute “property”;
  - (b) in the entry for “overseas property business” for “65A(4), 70A(4) and 832(1) of ICTA” substitute “70A(4) and 832(1) of ICTA and Chapter 2 of Part 3 of ITTOIA 2005”; and
  - (c) in the appropriate place insert—

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“UK property business	section 832(1) of ICTA and Chapter 2 of Part 3 of ITTOIA 2005”.
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*Finance Act 2002 (c. 23)*

575 The Finance Act 2002 is amended as follows.

<sup>F170</sup>576 .....

**Textual Amendments**

**F170** Sch. 1 para. 576 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

- 577 (1) Amend Schedule 16 (community investment tax relief) as follows.
- (2) In paragraph 27(2) omit “under Case VI of Schedule D”.
- (3) In paragraph 50(3), for “Chapter 1A of Part 15 of the Taxes Act 1988 (see section 660G(1) and (2))” substitute “Chapter 5 of Part 5 of the Income Tax (Trading and Other Income) Act 2005 (see section 620 of that Act)”.

<sup>F171</sup>578 .....

**Textual Amendments**

**F171** Sch. 1 para. 578 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

- 579 (1) Amend paragraph 64 of Schedule 25 (transitional provisions concerning loan relationships in the case of authorised unit trusts and open-ended investment companies) as follows.
- (2) At the beginning of sub-paragraph (7) insert “Subject to sub-paragraph (9),”.
- (3) After sub-paragraph (8) insert—
- “(9) So far as sub-paragraphs (3) to (6) are capable of applying at any time after 5th April 2005—
- (a) they have effect as if any reference in them to a relevant discounted security were a reference to a security that is a deeply discounted

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security for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (profits from deeply discounted securities) (see 430 of that Act), and

(b) in those sub-paragraphs—

“redeem” means make a disposal, within the meaning of that Chapter (except by a transfer within the meaning of that Chapter), or convert as mentioned in section 437(1)(c) of that Act, and

“transfer” has the same meaning as in that Chapter.”

580 In Schedule 29 (gains and losses of a company from intangible fixed assets), in paragraph 101(3), for “Chapter 1A of Part 15 of the Taxes Act 1988 (settlements: liability of settlor) (see section 660G(1) and (2) of that Act)” substitute “ Chapter 5 of Part 5 of the Income Tax (Trading and Other Income) Act 2005 (see section 620 of that Act) ”.

*Proceeds of Crime Act 2002 (c. 29)*

581 The Proceeds of Crime Act 2002 is amended as follows.

582 In section 319(2) (source of income) for “Case 6 of Schedule D” substitute “ Chapter 8 of Part 5 of the Income Tax (Trading and Other Income) Act 2005 ”.

583 (1) Amend Schedule 10 (tax) as follows.

(2) In paragraph 2(7) (introductory) at the end insert “ , and “ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005 ”.

(3) In paragraph 5 (relevant discounted securities)—

(a) for “relevant” substitute “ deeply ”, and

(b) for the words from “Schedule 13” to “c.8)” and “that Schedule” substitute respectively “ Chapter 8 of Part 4 of ITTOIA 2005 ” and “ that Chapter ”.

(4) In paragraph 6 (rights to receive amounts stated in certificates of deposit etc.)—

(a) after “deposit etc.)” insert “ , or a right falling within the definition of “deposit rights” in section 552(1) of ITTOIA 2005 ”, and

(b) for the words “of that Act”, in the second place where they occur, substitute “ of the Taxes Act 1988 or Chapter 11 of Part 4 of ITTOIA 2005 ”.

(5) In paragraph 8 (futures and options)—

(a) for “paragraph 4 of Schedule 5AA to the Taxes Act 1988” substitute “ section 562 of ITTOIA 2005 ”, and

(b) for “that Schedule” substitute “ Chapter 12 of Part 4 of that Act ”.

F172(6) . . . . .

**Textual Amendments**

F172 Sch. 1 para. 583(6) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

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*Income Tax (Earnings and Pensions) Act 2003 (c. 1)*

- 584 The Income Tax (Earnings and Pensions) Act 2003 is amended as follows.
- 585 In section 6(5) (exception to charge to tax on employment income for income of divers and diving supervisors) for the words from “Case I” to “ICTA” substitute “Part 2 of ITTOIA 2005 (trading income) by virtue of section 15 of that Act”.
- 586 In section 61(1) (application of provisions to workers under arrangements made by intermediaries: interpretation) in the definition of “business” after “includes a” insert “UK property business or”.
- 587 In section 178 (exception for loans where interest qualifies for tax relief)—
- (a) in paragraph (c)—
    - (i) for “under Case I or II of Schedule D” substitute “to tax”, and
    - (ii) after “carried on” insert “wholly or partly in the United Kingdom”, and
  - (b) in paragraph (d) for “under Schedule A in respect of a Schedule A business” substitute “to tax in respect of a UK property business, or a Schedule A business,”.
- 588 In section 180(5) (threshold for benefit of loan to be treated as earnings)—
- (a) in paragraph (c)—
    - (i) for “under Case I or II of Schedule D” substitute “to tax”, and
    - (ii) after “carried on” insert “wholly or partly in the United Kingdom”, and
  - (b) in paragraph (d) for “under Schedule A in respect of a Schedule A business” substitute “to tax in respect of a UK property business, or a Schedule A business,”.
- 589 In section 189(3)(a) (exception where double charge) for “section 677 of ICTA (sums paid to settlor otherwise than as income)” substitute “section 633 of ITTOIA 2005 (capital sums paid to settlor by trustees of settlement)”.
- 590 In section 215 for “section 331(1) of ICTA” substitute “section 776(1) of ITTOIA 2005”.
- 591 In section 302(4) (exemption of consular employees' employment income), in the definition of “reciprocal arrangement”, for “and section 322 of ICTA” substitute “, sections 646A and 681A of this Act and section 771 of ITTOIA 2005 (relevant foreign income of consular officers and employees)”.
- 592 After section 325 insert—

**“325A Health and employment insurance payments**

- (1) No liability to income tax in respect of employment income arises on any payment if or to the extent that—
  - (a) were the payment an annual payment falling within Chapter 7 of Part 5 of ITTOIA 2005, it would be exempt from income tax under section 735 of that Act (health and employment insurance payments), and
  - (b) it meets conditions A and B.
- (2) Condition A is that the payments are made—

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- (a) to a person (“the employee”) who made payments or contributions in respect of premiums under an insurance policy which another person took out wholly or partly for the employee's benefit, or
  - (b) to the employee's husband or wife.
- (3) Condition B is that the payments are attributable on a just and reasonable basis to the payments or contributions in respect of premiums.”
- 593 In section 357(2) (business entertainment and gifts: exception where employer's expenses disallowed) after “disallowed under” insert “ section 45 or 867 of ITTOIA 2005 or under ”.
- 594 In Chapter 2 of Part 5, after section 360 insert—

**“360A Social security contributions**

- (1) No deduction from earnings is allowed under this Chapter for any contribution paid by any person under Part 1 of SSCBA 1992 or Part 1 of SSCB(NI)A 1992.
  - (2) But this prohibition does not apply to an employer's contribution (see subsection (3)) which is allowable as a deduction—
    - (a) under section 336 (the general rule),
    - (b) under any of sections 337 to 342 (travel expenses), or
    - (c) under section 351(1) (expenses of ministers of religion).
  - (3) For this purpose “an employer's contribution” means—
    - (a) a secondary Class 1 contribution,
    - (b) a Class 1A contribution, or
    - (c) a Class 1B contribution,
 within the meaning of Part 1 of SSCBA 1992 or Part 1 of SSCB(NI)A 1992.”
- 595 In section 394(2) (charge on benefit to which Chapter 2 of Part 6 applies) for “to tax under Case VI of Schedule D” substitute “ to income tax ”.
- 596 In section 397(1) (certain lump sums: calculation of amount taxed by virtue of section 394) for “Case VI of Schedule D” substitute “ subsection (2) of that section ”.
- 597 In section 399(1)(b) (employment-related loans: interest treated as paid) omit “under Case VI of Schedule D”.
- 598 In section 476 (charge on occurrence of chargeable event) for subsection (5) substitute—
- “(5) If the employee has been divested of the employment-related securities option by operation of law—
- (a) income tax is charged on the amount determined under section 478, and
  - (b) the person liable for any tax so charged is the relevant person in relation to the chargeable event (see section 477(7)).”
- 599 In section 477(7) (chargeable events) for “(charge under Case VI of Schedule D)” substitute “ (charge to income tax) ”.
- 600 (1) Amend section 493 (no charge on acquisition of dividend shares) as follows.

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- (2) Omit subsections (1), (2) and (4).
- (3) After subsection (3) insert—
- “(3A) For the exemption of such amounts from income tax, see section 770 of ITTOIA 2005 (amounts applied by SIP trustees acquiring dividend shares or retained for reinvestment).”
- 601 For section 496 (no charge on cash dividend retained for reinvestment) substitute—
- “496 No charge on cash dividend retained for reinvestment**
- For the exemption from income tax of amounts retained under paragraph 68(2) of Schedule 2 (amount of cash dividend not reinvested), see section 770 of ITTOIA 2005 (amounts applied by SIP trustees acquiring dividend shares or retained for reinvestment).”
- 602 In section 497(3) (limitations on charges on shares ceasing to be subject to plan) for the words from “as” to the end substitute “ under Chapter 3 or 4 of Part 4 of ITTOIA 2005 (dividends etc. from UK or non-UK resident companies etc.) as a result of section 394(2) or 407(2) of that Act (distribution or dividend payment when dividend shares cease to be subject to plan). ”
- 603 In section 502(4)(a) (meaning of “capital receipt” in section 501) at the end insert “ or section 770 of ITTOIA 2005 (exemption for amounts applied by SIP trustees acquiring dividend shares or retained for reinvestment) ”.
- 604 (1) Amend section 515 (tax advantages and charges under other Acts) as follows.
- (2) In subsection (1) omit paragraph (a).
- (3) In subsection (2) omit “and” at the end of paragraph (a).
- (4) In subsection (2) at the end of paragraph (b) insert “, and
- (c) sections 392 to 395 and 405 to 408 of ITTOIA 2005 (SIPs: special rules for charges under Chapters 3 and 4 of Part 4 of that Act (dividends etc. from UK or non-UK resident companies etc.)) and section 770 of that Act (exemption for amounts applied by SIP trustees acquiring dividend shares or retained for reinvestment).”
- 605 In section 516(4) (approved SAYE option schemes), in the definition of “SAYE option scheme”, for “approved savings schemes” substitute “ approved savings arrangements ”.
- 606 (1) Amend section 575 (taxable pension income: foreign pensions) as follows.
- (2) In subsection (1) for the words “the amount” onwards substitute “ the full amount of the pension income arising in the tax year, but subject to subsections (2) and (3). ”
- (3) For subsection (2) substitute—
- “(2) The full amount of the pension income arising in the tax year is to be calculated on the basis that the pension is 90% of its actual amount, unless as a result of subsection (3) the pension income is charged in accordance with section 832 of ITTOIA 2005 (relevant foreign income charged on the remittance basis).

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- (3) That pension income is treated as relevant foreign income for the purposes of Chapters 2 and 3 of Part 8 of that Act (relevant foreign income: remittance basis and deductions and reliefs).
- (4) But if that pension income arises in the Republic of Ireland, section 839 of that Act (annual payments payable out of relevant foreign income) applies with the omission of condition B and subsection (5)(a).
- (5) See also Chapter 4 of that Part (unremittable income).”
- 607 (1) Amend section 613 (taxable pension income: foreign annuities) as follows.
- (2) In subsection (2) for the words “the amount” onwards substitute “ the full amount of the annuity arising in the tax year, but subject to subsections (3) and (4). ”
- (3) For subsections (3) and (4) substitute—
- “ (3) The full amount of the annuity arising in the tax year is to be calculated on the basis that the annuity is 90% of its actual amount, unless as a result of subsection (4) the annuity is charged in accordance with section 832 of ITTOIA 2005 (relevant foreign income charged on the remittance basis).
- (4) The annuity is treated as relevant foreign income for the purposes of Chapters 2 and 3 of Part 8 of that Act (relevant foreign income: remittance basis and deductions and reliefs).
- (5) But if the annuity arises in the Republic of Ireland, section 839 of that Act (annual payments payable out of relevant foreign income) applies with the omission of condition B and subsection (5)(a).
- (6) See also Chapter 4 of that Part (unremittable income).”
- 608 (1) Amend section 631 (taxable pension income: pre-1973 pensions paid under the Overseas Pensions Act 1973) as follows.
- (2) In subsection (1) for the words “the amount” onwards substitute “ the full amount of the pension income arising in the tax year ”.
- (3) For subsection (2) substitute—
- “ (2) The full amount of the pension income arising in the tax year is to be calculated on the basis that the pension is 90% of its actual amount.
- (3) The pension income is treated as relevant foreign income for the purposes of section 838 of that Act (expenses attributable to collection or payment of relevant foreign income).”
- 609 (1) Amend section 635 (taxable pension income: foreign voluntary annual payments) as follows.
- (2) In subsection (2) for the words “the amount” onwards substitute “ the full amount of the pension income arising in the tax year, but subject to subsections (3) and (4) ”.
- (3) For subsection (3) substitute—
- “ (3) The full amount of the pension income arising in the tax year is to be calculated on the basis that the pension is 90% of its actual amount, unless as a result of subsection (4) the pension income is charged in accordance

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with section 832 of ITTOIA 2005 (relevant foreign income charged on the remittance basis).

- (4) That pension income is treated as relevant foreign income for the purposes of Chapters 2 and 3 of Part 8 of that Act (relevant foreign income: remittance basis and deductions and reliefs).
- (5) But if that pension income arises in the Republic of Ireland, section 839 of that Act (annual payments payable out of relevant foreign income) applies with the omission of condition B and subsection (5)(a).
- (6) See also Chapter 4 of that Part (unremittable income).”

610 After section 644 insert—

#### “644A Health and employment insurance payments

- (1) No liability to income tax arises in respect of a pension or annuity payment if or to the extent that—
  - (a) were the payment an annual payment falling within Chapter 7 of Part 5 of ITTOIA 2005, it would be exempt from income tax under section 735 of that Act (health and employment insurance payments), and
  - (b) it meets conditions A and B.
- (2) Condition A is that the payments are made—
  - (a) to a person (“the pensioner”) who made payments or contributions in respect of premiums under an insurance policy which another person took out wholly or partly for the pensioner's benefit, or
  - (b) to the pensioner's husband or wife.
- (3) Condition B is that the payments are attributable on a just and reasonable basis to the payments or contributions in respect of premiums.”

611 After section 646 insert—

#### “646A Foreign pensions of consular employees

- (1) No liability to income tax arises in respect of foreign pension income of a consular officer or employee in the United Kingdom for a foreign state if—
  - (a) Her Majesty by Order in Council directs that this section applies to the foreign state for the purpose of giving effect to a reciprocal arrangement with that state, and
  - (b) the officer or employee meets conditions A to C.
- (2) Condition A is that the officer or employee is not—
  - (a) a British citizen,
  - (b) a British overseas territories citizen,
  - (c) a British National (Overseas), or
  - (d) a British Overseas citizen.
- (3) Condition B is that the officer or employee is not engaged in any trade, profession, vocation or employment in the United Kingdom, otherwise than as a consular officer or employee of the state in question.

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- (4) Condition C is that the officer or employee—
- (a) is a permanent employee of that state, or
  - (b) was not ordinarily resident in the United Kingdom immediately before becoming a consular officer or employee in the United Kingdom of that state.
- (5) In this section—
- “consular officer or employee” includes any person employed for the purposes of the official business of a consular officer at—
- (a) any consulate,
  - (b) any consular establishment, or
  - (c) any other premises used for those purposes,
- “foreign pension income” means—
- (a) income to which section 573 or 629 applies, and
  - (b) income arising from a source outside the United Kingdom to which section 609, 610, 611 or 633 applies; and
- “reciprocal agreement” has the same meaning as in section 302.
- (6) Section 302(5) to (7) apply to an Order under subsection (1) and the operation of this section as they apply to an Order under section 302(1) and the operation of section 302.”
- 612 In section 655(2) (structure of Part 10) for the entries relating to sections 84 and 85 of FA 2000 substitute—
- “section 781 of ITTOIA 2005 (exemption from income tax for payments under New Deal 50plus);
- section 782 of ITTOIA 2005 (exemption from income tax for payments under employment zone programmes).”
- 613 (1) Amend section 679 (taxable social security income: foreign benefits) as follows.
- (2) In subsection (1) for the words “the amount” onwards substitute “ the full amount of the social security income arising in the tax year, but subject to subsection (2). ”
- (3) For subsection (2) substitute—
- “(2) That income is treated as relevant foreign income for the purposes of Chapters 2 and 3 of Part 8 of ITTOIA 2005 (relevant foreign income: remittance basis and deductions and reliefs).
- (3) See also Chapter 4 of that Part (unremittable income).”
- 614 After section 681 insert—
- “681A Foreign benefits of consular employees**
- (1) No liability to income tax arises in respect of any benefit to which section 678 applies of a consular officer or employee in the United Kingdom for a foreign state if—
- (a) Her Majesty by Order in Council directs that this section applies to the foreign state for the purpose of giving effect to a reciprocal arrangement with that state, and



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- (b) the officer or employee meets conditions A to C.
- (2) Condition A is that the officer or employee is not—
  - (a) a British citizen,
  - (b) a British overseas territories citizen,
  - (c) a British National (Overseas), or
  - (d) a British Overseas citizen.
- (3) Condition B is that the officer or employee is not engaged in any trade, profession, vocation or employment in the United Kingdom, otherwise than as a consular officer or employee of the state in question.
- (4) Condition C is that the officer or employee—
  - (a) is a permanent employee of that state, or
  - (b) was not ordinarily resident in the United Kingdom immediately before becoming a consular officer or employee in the United Kingdom of that state.
- (5) In this section—
  - “consular officer or employee” includes any person employed for the purposes of the official business of a consular officer at—
    - (a) any consulate,
    - (b) any consular establishment, or
    - (c) any other premises used for those purposes, and
  - “reciprocal agreement” has the same meaning as in section 302.
- (6) Section 302(5) to (7) apply to an Order under subsection (1) and the operation of this section as they apply to an Order under section 302(1) and the operation of section 302.”

615 After section 716 (alteration of amounts by Treasury order) insert—

*“Priority rule for certain dividends etc*

**716A Priority rule for dividends etc. of UK resident companies etc.**

Any income, so far as it falls within—

- (a) Part 2, 9 or 10 of this Act, and
- (b) Chapter 3 of Part 4 of ITTOIA 2005 (dividends etc. from UK resident companies etc.),

is dealt with under Chapter 3 of Part 4 of ITTOIA 2005.”

616 (1) Amend Schedule 1 (abbreviations and defined expressions) as follows.

(2) In Part 1 in the appropriate place insert—

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“ITTOIA 2005

The Income Tax (Trading and Other Income) Act 2005”.

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(3) In Part 2 in the appropriate place insert—

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“UK property business	section 832(1) of ICTA and Chapter 2 of Part 3 of ITTOIA 2005”.
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- 617 (1) Amend Schedule 2 (approved share incentive plans) as follows.
- (2) In paragraph 22(3), for “Chapter 1A of Part 15 of ICTA (see section 660G(1) and (2))” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act) ”.
  - (3) In paragraph 79(4) for the words from “section 68B(2)” to the end substitute “ Chapter 3 or 4 of Part 4 of ITTOIA 2005 (dividends etc. from UK or non-UK resident companies etc.) as a result of section 394(2) or 407(2) of that Act (distribution or dividend payment when dividend shares cease to be subject to plan). ”
  - (4) In paragraph 80(3)(b) (other duties of trustees in relation to tax liabilities) for “Case V of Schedule D or Schedule F” substitute “ Chapter 3 or 4 of Part 4 of ITTOIA 2005 (dividends etc. from UK or non-UK resident companies etc.) ”.
  - (5) In paragraph 86(4)(c) at end insert “ that is issued in a case where section 410(2) or (3) of ITTOIA 2005 applies ”.
  - (6) In paragraph 87(2)(d) for sub-paragraph (ii) substitute—
    - “(ii) sections 392 to 395 and 405 to 408 of ITTOIA 2005 (SIPs: special rules for charges under Chapters 3 and 4 of Part 4 of that Act (dividends etc. from UK or non-UK resident companies etc.) and section 770 of that Act (exemption for amounts applied by SIP trustees acquiring dividend shares or retained for reinvestment)).”
- 618 (1) Amend Schedule 3 (approved SAYE option schemes) as follows.
- (2) In paragraph 1(3) for “savings scheme” substitute “ savings arrangement ”.
  - (3) In paragraph 2(1)(b) for “savings schemes” substitute “ savings arrangements ”.
  - (4) In paragraph 14(3), for “Chapter 1A of Part 15 of ICTA (see section 660G(1) and (2))” substitute “ Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act) ”.
  - (5) In paragraph 23—
    - (a) in the heading (including the Part heading), for “scheme” substitute “ arrangement ”, and
    - (b) for “savings schemes”, in both places where it occurs, substitute “ savings arrangements ”.
  - (6) In paragraph 24(1)—
    - (a) in the heading, for “schemes” substitute “ arrangements ”,
    - (b) for “CCS scheme” substitute “ certified SAYE savings arrangement ”, and
    - (c) for “(“the CCS scheme”)” substitute “ (“the approved savings arrangement”) ”.
  - (7) Omit paragraph 24(2).
  - (8) In paragraph 25—
    - (a) in the heading, for “schemes” substitute “ arrangements ”,
    - (b) in sub-paragraph (1), for “CCS scheme” substitute “ the approved savings arrangement ”, and

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- (c) in sub-paragraph (3)(a), for “CCS schemes linked to approved SAYE option schemes” substitute “certified SAYE savings arrangements linked to approved SAYE option schemes”.
- (9) In paragraph 26—
  - (a) in the heading, for “scheme” substitute “arrangement”,
  - (b) in sub-paragraph (1), for “CCS scheme” substitute “certified SAYE savings arrangement”, and
  - (c) in sub-paragraph (2), for “scheme” substitute “arrangement”.
- (10) In paragraph 30(3), for “the CCS scheme” substitute “the approved savings arrangement”.
- (11) In paragraph 48(1)—
  - (a) for “certified contractual savings scheme” substitute “certified SAYE savings arrangement”, and
  - (b) for “section 326(2) to (6) of ICTA” substitute “section 703(1) of ITTOIA 2005”.
- (12) In paragraph 49, for “certified contractual savings scheme (CCS scheme)” substitute “certified SAYE savings arrangement”.
- 619 In Schedule 4 (approved CSOP schemes), in paragraph 12(3), for “Chapter 1A of Part 15 of ICTA (see section 660G(1) and (2))” substitute “Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act)”.
- 620 (1) Amend Schedule 5 (enterprise management incentives) as follows.
  - (2) In paragraph 27(3)(a), for “under Case I or II of Schedule D” substitute “as the profits of a trade, profession or vocation carried on wholly or partly in the United Kingdom”.
  - (3) In paragraph 31(3), for “Chapter 1A of Part 15 of ICTA (see section 660G(1) and (2))” substitute “Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act)”.

*Finance Act 2003 (c. 14)*

621 The Finance Act 2003 is amended as follows.

622 <sup>F173</sup> .....

**Textual Amendments**

**F173** Sch. 1 para. 622 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

623 Omit section 176 (foster carers).

624 (1) Amend Schedule 24 (restriction of deductions for employee benefit contributions) as follows.

(2) <sup>F174</sup> .....

(3) In paragraph 3(a) for “tax purposes” substitute “corporation tax purposes”.

(4) In paragraph 9(1) omit the definition of “for tax purposes”.

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**Textual Amendments**

**F174** Sch. 1 para. 624(2) repealed (19.7.2007 with effect as stated in s. 34 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 114, **Sch. 27 Pt. 2(5)**

625 In Schedule 34 (policies of life insurance etc: miscellaneous amendments), in paragraph 15(1), after “1988” insert “ or Chapter 9 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 ”.

626 Omit Schedule 36 (foster carers).

*Courts Act 2003 (c. 39)*

627 In section 101(4)(a) of the Courts Act 2003 (bankruptcy of individuals with rights to receive periodical payments) for “section 329AA of the Income and Corporation Taxes Act 1988” substitute “ section 731 of the Income Tax (Trading and Other Income) Act 2005 ”.

*Child Trust Funds Act 2004 (c. 6)*

628 In section 14(1) of the Child Trust Funds Act 2004 (insurance companies and friendly societies) for “section 333 business” substitute “ plan business ”.

*Finance Act 2004 (c. 12)*

629 The Finance Act 2004 is amended as follows.

<sup>F175</sup>630 .....

**Textual Amendments**

**F175** Sch. 1 para. 630 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

631 Omit section 97 (exemption from income tax for certain interest and royalty payments: introductory).

632 Omit section 98 (exemption from income tax for certain interest and royalty payments).

633 Omit section 99 (permanent establishments and “25% associates”).

634 Omit section 100 (interest payments: exemption notices).

635 <sup>F176</sup> .....

**Textual Amendments**

**F176** Sch. 1 para. 635 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, **Sch. 3 Pt. 1** (with transitional provisions and savings in Sch. 2)

636 <sup>F177</sup> .....

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**Textual Amendments**

**F177** Sch. 1 para. 636 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

637 Omit section 103 (special relationships).

638 Omit section 104 (anti-avoidance).

639 Omit section 106 (transitional provision).

640 **F178** .....

**Textual Amendments**

**F178** Sch. 1 para. 640-643 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

641 **F179** .....

**Textual Amendments**

**F179** Sch. 1 para. 640-643 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

642 **F180** .....

**Textual Amendments**

**F180** Sch. 1 para. 640-643 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

643 **F181** .....

**Textual Amendments**

**F181** Sch. 1 para. 640-643 repealed (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1031, 1034, [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))

644 In section 186(1)(b) (scheme investments: income) for “which would” to the end substitute “ which are not relevant foreign income and which would otherwise be chargeable to income tax under Chapter 8 of Part 5 of ITTOIA 2005 (income not otherwise charged). ”

645 (1) Amend section 189(2) (meaning of “relevant UK earnings”) as follows.

(2) In paragraph (b) for “Schedule D” substitute “ Part 2 of ITTOIA 2005 ”.

(3) For paragraph (c) substitute—

“(c) income to which section 833(5B) of ICTA (patent income) applies.”

646 In section 196(2) (relief for employers in respect of contributions paid) after “the purposes of” insert “ Part 2 of ITTOIA 2005 (trading income) or ”.

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647 In section 197(10)(a) (spreading relief) after “charged under” insert “ Part 2 of ITTOIA 2005 (trading income) or ”.

F182 648 .....

#### Textual Amendments

F182 Sch. 1 para. 648 omitted (21.7.2008) by virtue of Finance Act 2008 (c. 9), Sch. 29 para. 14(4)

649 In section 200(a) (no other relief for employers in connection with contributions) after “the purposes of” insert “ Part 2 of ITTOIA 2005 (trading income) or ”.

650 (1) Amend section 246 (restriction of deduction for non-contributory provision) as follows.

(2) In subsection (2)(a) after “the purposes of” insert “ Part 2 of ITTOIA 2005 (trading income) or ”.

(3) In subsection (3)(a) after “charged under” insert “ Part 2 of ITTOIA 2005 (trading income) or ”.

651 (1) Amend section 249 of FA 2004 (amendments of ITEPA 2003) as follows.

(2) In subsection (3), in subsection (4) of the inserted section 393B—

(a) for paragraph (a) substitute—

“(a) an excepted group life policy as defined in section 480 of ITTOIA 2005,” and

(b) in paragraph (b) for the words from “condition 1” to the end of the paragraph substitute “—

(i) condition A in section 481 of that Act would be met if paragraph (a) in that condition referred to the death, in any circumstances or except in specified circumstances, of that individual (rather than the death in any circumstances of each of the individuals insured under the policy) and if the condition did not include paragraph (b), and

(ii) conditions C and D in that section and conditions A and C in section 482 of that Act are met, or”.

(3) In subsection (8), in the inserted section 395 of ITEPA 2003, for “Case VI of Schedule D” substitute “ subsection (2) of that section ”.

652 In section 280(1) (abbreviations and general index for Part 4) omit the “and” before the definition of “ITEPA 2003” and after that definition insert “and

“ITTOIA 2005” means the Income Tax (Trading and Other Income Act) 2005.”

653 (1) Amend Schedule 15 (charge to income tax on benefit received by former owner of property) as follows.

(2) In paragraph 1 (introductory) insert in the appropriate place—

““ITTOIA 2005” means the Income Tax (Trading and Other Income Act) 2005;”.

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- (3) In paragraph 8 (intangible property comprised in settlement where settlor retains an interest)—
- (a) in sub-paragraph (1)(a)—
    - (i) for “section 660A of the Taxes Act 1988” substitute “ section 624 of ITTOIA 2005 ”, and
    - (ii) for “Part 15” substitute “ Chapter 5 of Part 5 ”, and
  - (b) in sub-paragraph (1)(b) for “subsection (2) of that section” substitute “ section 625(1) of ITTOIA 2005 (settlor's retained interest) ”.
- (4) In paragraph 9(1) (intangible property comprised in settlement where settlor retains an interest), in the definition of “T”—
- (a) in paragraph (a), for “section 547 of the Taxes Act 1988” substitute “ section 461 of ITTOIA 2005 ”,
  - (b) in paragraph (b) for “section 660A of that Act” substitute “ section 624 of that Act ”, and
  - (c) in paragraph (c) for “that Act” substitute “ the Taxes Act 1988 ”.
- (5) In paragraph 22(3)(b) (election for application of inheritance tax provisions) for “section 660A of the Taxes Act 1988” substitute “ section 624 of ITTOIA 2005 ”.
- 654 In paragraph 1(4) and (6) of Schedule 24, for the words from “(and” to “have” substitute “ has ”.
- 655 In paragraph 12 of Schedule 35 (pension schemes etc: minor and consequential amendments) for the words from “for” to the end substitute “for the words from the beginning to “, if the claimant” substitute “Subject to subsection (2) below, section 274 of this Act and sections 192 to 194 of the Finance Act 2004, if the claimant
- .”
- 656 (1) Amend Schedule 36 (pension schemes etc: transitional provisions and savings) as follows.
- (2) In paragraph 41(a) (employers' contributions relieved before 6th April 2006) after “the purposes of” insert “ Part 2 of ITTOIA 2005 (trading income) or ”.
  - (3) In paragraph 53(2)(b) (benefits taxable under Chapter 2 of Part 6 of ITEPA 2003: contributions taxed pre-commencement) for “to tax under Case VI of Schedule D by virtue of” substitute “ to income tax under subsection (2) of ”.

*Pensions Act 2004 (c. 35)*

- 657 The Pensions Act 2004 is amended as follows.
- 658 In Schedule 3 (restricted information held by the Regulator: certain permitted disclosures to facilitate exercise of functions), in the second column, in the entry relating to the Commissioners of Inland Revenue or their officers—
- (a) omit the “or” before paragraph (e), and
  - (b) at the end of that paragraph insert “or
  - (f) the Income Tax (Trading and Other Income) Act 2005 (so far as relating to functions previously exercised under the Income and Corporation Taxes Act 1988).”

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- 659 In Schedule 8 (restricted information held by the Board: certain permitted disclosures to facilitate exercise of functions), in the second column, in the entry relating to the Commissioners of Inland Revenue or their officers—
- (a) omit the “or” before paragraph (e), and
  - (b) at the end of that paragraph insert “or
  - (f) the Income Tax (Trading and Other Income) Act 2005 (so far as relating to functions previously exercised under the Income and Corporation Taxes Act 1988).”



**Status:**

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