



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 4

SAVINGS AND INVESTMENT INCOME

CHAPTER 9

GAINS FROM CONTRACTS FOR LIFE INSURANCE ETC.

Income tax treated as paid and reliefs

535 Top slicing relief

- (1) An individual is entitled to relief under this section for a tax year if—
 - (a) the individual's liability for the tax year, as calculated under subsection (3), exceeds
 - (b) the individual's relieved liability for the tax year, as calculated under—
 - section 536 (top slicing relieved liability: one chargeable event), or
 - section 537 (top slicing relieved liability: two or more chargeable events).

- (2) The relief is given by a reduction in or repayment of income tax equal to the excess.

[^{F1}(2A) If the relief is given by a reduction in income tax, it is given effect at Step 6 of the calculation in section 23 of ITA 2007.]

- (3) An individual's liability for a tax year for the purposes of subsection (1)(a) equals TL — [^{F2}BRL], where—

Status: Point in time view as at 22/07/2020.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 535. (See end of Document for details)

TL is the amount of the individual's total liability to income tax on income charged to tax under this Chapter for the tax year, calculated on the basis that no relief is available under this section and the highest part assumptions apply, and [^{F2}BRL] is the amount of income tax at the [^{F3}basic rate] that the individual is treated as having paid under section 530(1) for the tax year.

- (4) For the purposes of subsection (3) and sections 536 and 537, the highest part assumptions, in calculating liability to income tax on an amount, are that—
- (a) the amount is the highest part of the individual's total income for the tax year, and
 - (b) any provision directing any other amount to be treated as the highest part is ignored.
- (5) For the purposes of this section and sections 536 and 537, an individual's total income is treated as not including any amount which—
- (a) is charged to tax under Chapter 4 of Part 3 (profits of property businesses: lease premiums etc.) as the profits of a UK property business, or
 - (b) counts as employment income under section 403 of ITEPA 2003 (payments and benefits on termination of employment etc.).
- (6) For the purposes of this section and sections 536 and 537—
- (a) any chargeable event under section 525(2) (chargeable events where annual personal portfolio bond calculations show gains),
 - (b) any gain treated as arising on the occurrence of such an event, and
 - (c) the amount of any liability to income tax arising on such a gain,
- are ignored.
- [^{F4}(7) For the purposes of the calculations mentioned in subsection (1) any relief under Chapter 2 or 3 of Part 8 of ITA 2007 (which relate to gift aid and other gifts to charities) is ignored.]
- [^{F5}(8) For the purposes of the calculations mentioned in subsection (1)—
- (a) section 25(2) of ITA 2007 (deductions of reliefs and allowances in most beneficial way for taxpayer) does not apply, and
 - (b) reliefs and allowances are available for deduction from an amount that, for the purposes of those calculations, is the highest part of the individual's total income for the tax year only so far as they cannot be deducted from other amounts.]

Textual Amendments

- F1** S. 535(2A) inserted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 536\(2\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F2** Words in s. 535(3) substituted (with effect in accordance with [Sch. 1 para. 65](#) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 55\(a\)](#)
- F3** Words in s. 535(3) substituted (with effect in accordance with [Sch. 1 para. 65](#) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 1 para. 55\(b\)](#)
- F4** S. 535(7) inserted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 536\(4\)](#) (with transitional provisions and savings in [Sch. 2](#))

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F5 S. 535(8) inserted (with effect in relation to the tax year 2019-20 and subsequent tax years) by [Finance Act 2020 \(c. 14\), s. 37\(2\)\(5\)](#) (with s. 37(6))

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Changes to legislation:

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