



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 5

MISCELLANEOUS INCOME

CHAPTER 5

SETTLEMENTS: AMOUNTS TREATED AS INCOME OF SETTLOR

Capital sums treated as income of settlor: trustees' payments

637 Qualifications to section 636

- (1) Section 636(2) does not apply—
 - (a) to any interest paid by the trustees of the settlement, or
 - (b) to any sums paid to—
 - (i) a body corporate connected with the settlement, or
 - (ii) the trustees of another settlement made by the settlor or by the trustees of the settlement.
- (2) Section 636(4) applies to any interest paid by the trustees of the settlement subject to subsections (3) to (7).
- (3) The whole of any interest paid by the trustees of the settlement is excluded from subsection (4) of section 636 if no sums within subsection (2) of that section were paid to any person other than the settlor or the spouse of the settlor.
- (4) If any sum within section 636(2) was so paid, the relevant fraction of any interest paid by the trustees of the settlement is excluded from section 636(4).
- (5) The relevant fraction is—

Status: Point in time view as at 06/04/2005. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 637. (See end of Document for details)

$$\frac{A - B}{A}$$

where—

A is the whole of the income arising under the settlement in the tax year, less the sums referred to in subsection (4) of section 636 apart from subsections (2), (3) and (6) of this section, and

B is so much of the sums within subsection (2) of that section as is paid to persons other than the settlor or the spouse of the settlor.

- (6) Subsections (2) to (5) do not apply to—
- (a) interest in respect of which relief from tax is allowable under any provision of the Income Tax Acts, or
 - (b) interest payable to the settlor or the spouse of the settlor if living with the settlor.
- (7) Nothing in subsections (2) to (6) affects the liability to tax of the person receiving or entitled to the interest.
- (8) For the purposes of this Chapter, a body corporate is treated as connected with a settlement in any tax year if at any time in that year—
- (a) it is a close company (or only is not a close company because it is non-UK resident) and the participators then include the trustees of the settlement, or
 - (b) it is controlled by a company falling within paragraph (a).

Status:

Point in time view as at 06/04/2005. This version of this provision has been superseded.

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 637.