



# Finance Act 2005

## 2005 CHAPTER 7

### PART 2

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER 4

#### TRUSTS WITH VULNERABLE BENEFICIARY

##### *Income tax*

#### **27 Trustees' liability: TQTI**

- (1) For the purposes of section 26, TQTI is the amount of income tax to which the trustees would (apart from this Chapter) be liable for the tax year in respect of the qualifying trusts income arising (or treated as arising) to them in that year (or to which they would be so liable if their liability were computed in accordance with subsection (2) in a case to which that subsection applies).
- (2) In a case where—
  - (a) income arising (or treated as arising) to the trustees in the tax year (“total income”) includes income (“other income”) which is not qualifying trusts income, and
  - (b) the trustees have [<sup>F1</sup>allowable expenses],

there shall be disregarded, in computing the income tax liability of the trustees for the tax year in respect of the qualifying trusts income arising (or treated as arising) to them in that year, such part of the [<sup>F2</sup>allowable] expenses as bears the same proportion to all those expenses as other income bears to total income.

[<sup>F3</sup>(2A) References in subsection (2) to allowable expenses are to expenses which can be set against the total income in accordance with Chapter 4 of Part 9 of ITA 2007.]

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**Changes to legislation:** There are currently no known outstanding effects for the Finance Act 2005, Section 27. (See end of Document for details)

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- (3) This section is subject to section 29 (vulnerable person election having effect for only part of tax year).

**Textual Amendments**

- F1** Words in s. 27(2)(b) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 595\(2\)\(a\)](#) (with [Sch. 2](#))
- F2** Word in s. 27(2) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 595\(2\)\(b\)](#) (with [Sch. 2](#))
- F3** S. 27(2A) inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 595\(3\)](#) (with [Sch. 2](#))

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2005, Section 27.