

INCOME TAX (TRADING AND OTHER INCOME) ACT 2005

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 3: Property income

Chapter 4: Profits of property businesses: lease premiums etc.

Section 297: Taking account of reductions in corporation tax receipts

1224. This section is new. It ensures that any relief given for corporation tax purposes under section 37(2) or (3) of ICTA for an accounting period ending after 5 April 2005 to a tenant who is also a landlord by reference to:

- a receipt brought into account under this Chapter where the tenant's landlord is liable to income tax; or
- a receipt brought into account under section 34 or 35 of ICTA where the tenant's landlord is liable to corporation tax,

is taken into account in the same way as any relief under sections 287 to 290 of this Act.

1225. *Subsections (1) and (2)* refer to a reduction under section 37(2) or (3) of ICTA in “the amount chargeable on the superior interest”. The amount chargeable on the superior interest here refers to an amount:

- treated as a receipt under section 34 or 35 of ICTA for any tax year; or
- treated as a receipt under this Chapter for an accounting period ending after 5 April 2005 as a result of the amendments to section 37(1) of ICTA made under paragraph 20 of Schedule 1 to this Act.