



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 2

TRADING INCOME

CHAPTER 16

AVERAGING PROFITS OF FARMERS AND CREATIVE ARTISTS

222 Circumstances in which claim [^{F1}for two-year averaging] may be made

- (1) An averaging claim may be made [^{F2}under this section] in relation to two consecutive tax years in which a taxpayer is or has been carrying on the qualifying trade, profession or vocation if—
 - (a) the relevant profits of one of the tax years are less than 75% of the relevant profits of the other tax year, or
 - (b) the relevant profits of one (but not both) of the tax years are nil.
- [^{F3}(2) The earlier of the two years to which an averaging claim under this section relates may be a tax year in relation to which an averaging claim under this section or section 222A has already been made.]
- (3) An averaging claim may not be made [^{F4}under this section] in relation to a tax year if an averaging claim has already been made [^{F5}under this section or section 222A] in relation to a later tax year in respect of the trade, profession or vocation.
- (4) An averaging claim may not be made [^{F6}under this section] in relation to the tax year in which—
 - (a) the taxpayer starts, or permanently ceases, to carry on the trade, profession or vocation, or

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- (b) in the case of a trade, profession or vocation within section 221(2)(c), it begins or ceases to be a qualifying trade, profession or vocation.
- (5) An averaging claim [^{F7}under this section] must be made on or before the first anniversary of the normal self-assessment filing date for the second of the tax years to which the claim relates.
- (6) But see section 225(4) (extended time limit if profits adjusted for some other reason).

Textual Amendments

- F1** Words in s. 222 heading inserted (with effect in accordance with s. 25(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 25\(4\)\(a\)](#)
- F2** Words in s. 222(1) inserted (with effect in accordance with s. 25(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 25\(4\)\(b\)](#)
- F3** S. 222(2) substituted (with effect in accordance with s. 25(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 25\(4\)\(c\)](#)
- F4** Words in s. 222(3) inserted (with effect in accordance with s. 25(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 25\(4\)\(d\)\(i\)](#)
- F5** Words in s. 222(3) inserted (with effect in accordance with s. 25(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 25\(4\)\(d\)\(ii\)](#)
- F6** Words in s. 222(4) inserted (with effect in accordance with s. 25(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 25\(4\)\(e\)](#)
- F7** Words in s. 222(5) inserted (with effect in accordance with s. 25(12) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 25\(4\)\(f\)](#)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 7A-7D inserted by [2022 c. 3 Sch. 1 para. 3](#)
- s. 31E(4) inserted by [2022 c. 3 Sch. 1 para. 7\(3\)](#)
- s. 649(1A)(1B) inserted by [2023 c. 30 Sch. 2 para. 11\(2\)](#)
- s. 679(3A) inserted by [2023 c. 30 Sch. 2 para. 11\(5\)\(b\)](#)
- s. 679A(3A) inserted by [2023 c. 30 Sch. 2 para. 11\(6\)\(b\)](#)
- s. 680(1A) inserted by [2023 c. 30 Sch. 2 para. 11\(7\)\(a\)](#)