

Other taxable income

Contacts

Please phone:

- the number printed on page TR 1 of your tax return
- the SA Helpline on **0845 9000 444**
- the SA Orderline on **0845 9000 404** for helpsheets

or go to

www.hmrc.gov.uk

This helpsheet includes a Working Sheet (see page 3) to help you work out the figures to include in boxes 16 and 17 of the 'Other UK income' section on page TR 3 of your tax return and boxes 1 and 2 of the 'Other information' section on page Ai 3 of the *Additional information* pages.

What is 'other taxable income'?

Pages TRG 14 and 15 of your tax return guide list examples of 'other taxable income' which you should include in the relevant boxes and provide guidance on expenses which can be allowed in arriving at the amount of taxable income. Contact us or your tax adviser if you are not sure about what to include or need more advice on allowable expenses.

Using losses

If your allowable expenses are more than your receipts you will have made a loss. Some, but not all, losses can be set against some types of income from other transactions in the 'other income' category in this or later years. If you have different types of other taxable income, or if you have losses from an earlier year you want to use, it is important that you use the Working Sheet on page 3 to keep the different categories of income separate.

You **can** set losses against the following types of income (Category A):

- all casual earnings, including 'one-off' freelance income, underwriting or sub-underwriting commissions
- profits from isolated literary or artistic activities
- rental from leasing equipment you own
- income received after your interest in a business has ceased, or received following a change in the basis on which the profits of that business are calculated. This applies only if the income would not otherwise have been taken into account for tax purposes during the life of the business – for example, bad debts that you have now recovered
- any recoveries of expenses or debts for which you claimed relief as a post-cessation expense
- sale of patent rights if you received a capital sum.

You **cannot** set losses against the following types of income (Category B):

- receipts under covenants entered into for genuine commercial reasons which are in connection with the payer's trade, profession or vocation
- annual payments received in the year including annual payments received from UK unauthorised unit trusts and annual payments paid by former employers which do not constitute the payment of a pension
- benefits of insurance policies about sickness or disability that are recorded as other income
- a taxable lump sum included in box 16 of the 'Other UK income' section on page TR 3 of your tax return from an employer-financed retirement benefits scheme.

Include each type of income under the appropriate heading in the Working Sheet on page 3. Then follow the instructions to work out the figures to include in boxes 16 and 17 of the 'Other UK income' section on page TR 3 of your tax return and boxes 1 and 2 of the 'Other information' section on page Ai 3 of the *Additional information* pages. The Working Sheet will also allow you to keep a record of any losses you want to carry forward to next year.

Working Sheet

Category A

Income for which you can claim loss relief

Category B

Income for which you cannot claim loss relief

Description of income					
(a) Gross income before expenses and tax taken off* (include totals in box 16 on page TR 3)	£	£	£	£	£
minus					
(b) Allowable expenses* (include totals in box 17 on page TR 3)	£	£	£	£	£
equals					
Income (where (a) minus (b) is positive)	£	£	£	£	£
or					
loss (where (a) minus (b) is negative)	£	£	£	£	£
(c) Unused losses for this year to carry forward	£	£	£	£	£
Earlier years' losses					
Unused losses brought forward from earlier years	£	£	£		
Earlier years' losses used this year (enter in box 1 of the 'Other information' section on page Ai 3)	£	£	£		
(d) Earlier years' losses to carry forward	£	£	£		
Total unused losses to carry forward (c) + (d) (enter in box 2 of the 'Other information' section on page Ai 3)	£	£	£		

*If you have both Category A and Category B income and you have an overall loss in Category A, this loss cannot be used against Category B income, but can be carried forward to later years. In such a case you will need to restrict the total figure of allowable expenses in Category A to the total amount of gross income in Category A to ensure that overall the correct tax calculation is achieved. The loss to carry forward then should be entered (along with any brought forward unused losses) in the 'Total unused losses carried forward' box, box 2 on page Ai 3 of the *Additional information* pages. If you are unsure ask your tax adviser or contact us.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any rights of appeal. Any subsequent amendments to these notes can be found at www.hmrc.gov.uk