



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART IX

ANNUAL PAYMENTS AND INTEREST

Annual payments

[^{F1}347A General rule.

^{F2}

Textual Amendments

F1 Ss. 347A, 347B inserted by Finance Act 1988 (c. 39), s. 36(1)(3)-(5)

F2 S. 347A repealed (with effect in accordance with Sch. 5 para. 1(3)(5) of the repealing Act) by Finance Act 2007 (c. 11), Sch. 5 para. 1(2)(4), Sch. 27 Pt. 2(3), Note

[^{F3}347B Qualifying maintenance payments.

^{F4}

Textual Amendments

F3 Ss. 347A, 347B inserted by Finance Act 1988 (c. 39), s. 36(1)(3)-(5)

F4 S. 347B repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 53, Sch. 3 Pt. 1 (with Sch. 2)

348 Payments out of profits or gains brought into charge to income tax: deduction of tax.

^{F5}

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Textual Amendments

F5 S. 348 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 54, Sch. 3 Pt. 1](#) (with [Sch. 2](#)); and s. 348 amended (6.4.2007) by [Finance Act 2005 \(c. 7\), Sch. 10 paras. 62, 64\(2\), Sch. 11 Pt. 4](#), Note 1

349 Payments not out of profits or gains brought into charge to income tax, and annual interest.

F6

Textual Amendments

F6 S. 349 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 55, Sch. 3 Pt. 1](#) (with [Sch. 2](#)); and s. 349 amended (6.4.2007) by [Finance Act 2005 \(c. 7\), Sch. 10 paras. 62, 64\(2\), Sch. 11 Pt. 4](#), Note 1

[^{F7}349ZA Extension of section 349: proceeds of sale of UK patent rights

F8]

Textual Amendments

F7 S. 349ZA inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 149](#) (with [Sch. 2](#))
F8 S. 349ZA repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 56, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F9}349A Exceptions to section 349 for payments between companies etc

F10

Textual Amendments

F9 Ss. 349A-349D inserted (with application in accordance with s. 85(4) of the amending Act) by [Finance Act 2001 \(c. 9\), s. 85\(1\)](#)
F10 Ss. 349A-349D repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 57, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

349B The conditions mentioned in section 349A(1)

F11

Textual Amendments

F9 Ss. 349A-349D inserted (with application in accordance with s. 85(4) of the amending Act) by [Finance Act 2001 \(c. 9\), s. 85\(1\)](#)

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F11 Ss. 349A-349D repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 57, **Sch. 3 Pt. 1** (with Sch. 2)

349C Directions disapplying section 349A(1)

F12

Textual Amendments

F9 Ss. 349A-349D inserted (with application in accordance with s. 85(4) of the amending Act) by Finance Act 2001 (c. 9), s. 85(1)

F12 Ss. 349A-349D repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 57, **Sch. 3 Pt. 1** (with Sch. 2)

349D Section 349A(1): consequences of reasonable but incorrect belief

F13]

Textual Amendments

F9 Ss. 349A-349D inserted (with application in accordance with s. 85(4) of the amending Act) by Finance Act 2001 (c. 9), s. 85(1)

F13 Ss. 349A-349D repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 57, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F14}349E Deductions under section 349(1): payment of royalties overseas

F15]

Textual Amendments

F14 S. 349E inserted (with application in accordance with s. 96(4) of the amending Act) by Finance Act 2002 (c. 23), s. 96(1)

F15 S. 349E repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 58, **Sch. 3 Pt. 1** (with Sch. 2)

350 Charge to tax where payments made under section 349.

F16

Textual Amendments

F16 S. 350 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 59, **Sch. 3 Pt. 1** (with Sch. 2)

[^{F17}350AUK public revenue dividends: deduction of tax.

F18]

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Textual Amendments

F17 S. 350A inserted (with application in accordance with s. 112(5) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), s. 112(4)

F18 S. 350A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 60, **Sch. 3 Pt. 1** (with Sch. 2)

F19 351 Small maintenance payments.

.....

Textual Amendments

F19 S. 351 repealed by [Finance Act 1988 \(c. 39\)](#) s. 36(6), Sch.14 Part IV, Note 5 (with s. 36(3))

352 Certificates of deduction of tax.

F20

Textual Amendments

F20 S. 352 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 61, **Sch. 3 Pt. 1** (with Sch. 2)

Relief for payments of interest (excluding MIRAS)

353 General provision.

[^{F21}(1) Where a person pays interest in any year of assessment, that person, if he makes a claim to the relief, shall for that year of assessment be entitled (subject to ^{F22}... [^{F23}section 52 of ITTOIA 2005]) to relief in accordance with this section in respect of so much (if any) of the amount of that interest as is eligible for relief under this section by virtue of [^{F24}section 365].]

[^{F25}(1A) Where a person is entitled for a year of assessment to relief under this section in respect of an amount of interest which is eligible for relief by virtue of section 365, the relief is given as a tax reduction for that tax year.

(1AA) The amount of the tax reduction is 23% of the amount of the interest.

(1AB) The tax reduction is given effect at Step 6 of the calculation in section 23 of ITA 2007.]

(1B) ^{F27}

(1C) ^{F28}

(1D) ^{F28}

(1E) Where any person is entitled for any year of assessment to relief ^{F29}... in respect of any amount of interest as is eligible for that relief partly as mentioned in subsection (1A) above and partly as mentioned in [^{F30}section 383 of ITA 2007 (relief for interest

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payments)], that amount of interest shall be apportioned between the cases to which each of ^{F31}those provisions] applies without regard to what parts of the total amount borrowed remain outstanding but according to ^{F32}. . . —

- (a) the proportions of the total amount borrowed which were applied for different purposes; ^{F33} . . .
- (b) ^{F33}

^{F34}and subsection (1A) above or section 383 of ITA 2007 shall apply accordingly to the case in which that subsection or section applies].

(1F) ^{F35}

(1G) ^{F35}

(1H) ^{F35}]

(2) ^{M1}This section does not apply to a payment of relevant loan interest to which section 369 applies.

(3) ^{M2}Relief under this section shall not be given in respect of—

- (a) interest on a debt incurred by overdrawing an account or by debiting the account of any person as the holder of a credit card or under similar arrangements; or
- (b) where interest is paid at a rate in excess of a reasonable commercial rate, so much of the interest as represents the excess.

(4) ^{F36}

(5) ^{F36}

Textual Amendments

- F21** S. 353(1) substituted (with effect in accordance with s. 81(6) of the amending Act) by Finance Act 1994 (c. 9), s. 81(1)
- F22** Words in s. 353(1) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 62(2)(a), Sch. 3 Pt. 1 (with Sch. 2)
- F23** Words in s. 353(1) inserted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 152 (with Sch. 2)
- F24** Words in s. 353(1) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 62(2)(b) (with Sch. 2)
- F25** S. 353(1A)-(1H) inserted (with effect in accordance with s. 81(6) of the amending Act) by Finance Act 1994 (c. 9), s. 81(2)
- F26** S. 353(1A)-(1AB) substituted for s. 353(1A) (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 62(3) (with Sch. 2)
- F27** S. 353(1B) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 62(4), Sch. 3 Pt. 1 (with Sch. 2)
- F28** S. 353(1C)(1D) repealed (with effect in accordance with s. 42(3)-(5) of the repealing Act) by Finance Act 1995 (c. 4), Sch. 29 Pt. 8(2), Note
- F29** Words in s. 353(1E) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 62(5)(a), Sch. 3 Pt. 1 (with Sch. 2)
- F30** Words in s. 353(1E) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 62(5)(b) (with Sch. 2)
- F31** Words in s. 353(1E) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 62(5)(c) (with Sch. 2)

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- F32** Words in s. 353(1E) repealed (with effect in accordance with s. 42(3)-(5) of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(2)**, Note
- F33** S. 353(1E)(b) and preceding word repealed (with effect in accordance with s. 42(3)-(5) of the repealing Act) by Finance Act 1995 (c. 4), **Sch. 29 Pt. 8(2)**, Note
- F34** Words in s. 353(1E) substituted (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by Income Tax Act 2007 (c. 3), **Sch. 1 para. 62(5)(d)** (with Sch. 2)
- F35** S. 353(1F)-(1H) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by Income Tax Act 2007 (c. 3), Sch. 1 para. 62(6), **Sch. 3 Pt. 1** (with Sch. 2)
- F36** S. 353(4)(5) repealed (with effect in accordance with s. 81(6) of the repealing Act) by Finance Act 1994 (c. 9), Sch. 9 para. 3, **Sch. 26 Pt. 5(2)**, Note

Modifications etc. (not altering text)

- C1** S. 353 restricted (1.5.1995) by Finance Act 1995 (c. 4), s. 123, **Sch. 22 para. 2**
- C2** S. 353 restricted (27.7.1999) by Finance Act 1999 (c. 16), **s. 38(1)**

Marginal Citations

- M1** Source-1986 s.26(1)
- M2** Source-1972 s.75(1A), (2); 1974 s.19(1)(b)

354 Loans to buy land etc.

F37

Textual Amendments

- F37** Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

355 Matters excluded from section 354.

F38

Textual Amendments

- F38** Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

356 Job-related accommodation.

F39

Textual Amendments

- F39** Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

[^{F40}356A] Limit on relief for home loans: residence basis.

F41]

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Textual Amendments

- F40** Ss. 356A-356D inserted (1.8.1988) by Finance Act 1988 (c. 39), **s.42(1)(4)**
- F41** Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

[^{F42}**356B Residence basis: married couples.**

^{F43}

Textual Amendments

- F42** Ss. 356A-356D inserted (1.8.1988) by Finance Act 1988 (c. 39), **s. 42(1)(4)**; and s. 356B substituted (1990-91 and subsequent years) by Finance Act 1988 (c. 39), **Sch. 3 para. 14**
- F43** Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

[^{F44}**356C Payments to which sections 356A and 356B apply.**

^{F45}

Textual Amendments

- F44** Ss. 356A-356D inserted (1.8.1988) by Finance Act 1988 (c. 39), **s.42(1)(4)**
- F45** Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

[^{F46}**356D Provisions supplementary to sections 356A to 356C.**

^{F47}

Textual Amendments

- F46** Ss. 356A-356D inserted (1.8.1988) by Finance Act 1988 (c. 39), **s.42(1)(4)**
- F47** Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

357 Limit on amount of loan eligible for relief by virtue of section 354.

^{F48}

Textual Amendments

- F48** Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

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[^{F49}357A Substitution of security.

^{F50}

Textual Amendments

F49 Ss. 357A-357C inserted (27.7.1993) by [Finance Act 1993 \(c. 34\)](#), s. 56

F50 Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

[^{F51}357B Treatment of loans following security substitution.

^{F52}

Textual Amendments

F51 Ss. 357A-357C inserted (27.7.1993) by [Finance Act 1993 \(c. 34\)](#), s. 56

F52 Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

[^{F53}357C Substitution of security: supplemental.

^{F54}

Textual Amendments

F53 Ss. 357A-357C inserted (27.7.1993) by [Finance Act 1993 \(c. 34\)](#), s. 56

F54 Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

358 Relief where borrower deceased.

^{F55}

Textual Amendments

F55 Ss. 354-358 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), Sch. 4 para. 2, **Sch. 20 Pt. 3(7)**

359 Loan to buy machinery or plant.

^{F56}

Textual Amendments

F56 S. 359 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 63, **Sch. 3 Pt. 1** (with Sch. 2)

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360 Loan to buy interest in close company.

F57

Textual Amendments

F57 S. 360 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 64, [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

[^{F58}360A Meaning of “material interest” in section 360.

F59]

Textual Amendments

F58 S. 360A inserted by [Finance Act 1989 \(c. 26\)](#), s. 48(2)
F59 S. 360A repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 65, [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

361 Loan to buy interest in co-operative or employee-controlled company.

F60

Textual Amendments

F60 S. 361 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 66, [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

362 Loan to buy into partnership.

F61

Textual Amendments

F61 S. 362 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 67, [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

363 Provisions supplementary to sections 360 to 362.

F62

Textual Amendments

F62 S. 363 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 68, [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

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364 Loan to pay inheritance tax.

F63

Textual Amendments

F63 S. 364 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\)](#), Sch. 1 para. 69, [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

365 Loan to buy life annuity.

^{M3}(1) Subject to the following provisions of this section, interest is eligible for relief under section 353 if it is interest on a loan in respect of which the following conditions are satisfied—

- [^{F64}(aa) that the loan was made before 9th March 1999;]
- (a) that the loan was made as part of a scheme under which not less than nine-tenths of the proceeds of the loan were applied to the purchase by the person to whom it was made of an annuity ending with his life or with the life of the survivor of two or more persons (“the annuitants”) who include the person to whom the loan was made;
 - (b) that at the time the loan was made the person to whom it was made or each of the annuitants had attained the age of 65 years;
 - (c) that the loan was secured on land in the United Kingdom or the Republic of Ireland and the person to whom it was made or one of the annuitants owns an estate or interest in that land; and
 - (d) that, if the loan was made after 26th March 1974, the person to whom it was made or each of the annuitants [^{F65}used the land on which it was secured as his only or main residence immediately before 9th March 1999] .

[^{F66}(1AA) Where—

- (a) a loan made on or after 9th March 1999 was made in pursuance of an offer made by the lender before that date, and
- (b) the offer was either in writing or evidenced by a note or memorandum made by the lender before that date,

the loan shall be deemed for the purposes of subsection (1)(aa) above to have been made before that date.]

[^{F67}(1AB) Subject to subsection (1AC) below, the conditions in paragraphs (aa) and (a) of subsection (1) above shall be treated as satisfied in relation to a loan (“the new loan”) if—

- (a) the new loan was made on or after the day on which the Finance Act 1999 was passed;
- (b) the new loan was made as part of a scheme (“the scheme”) under which the whole or any part of the proceeds of the loan was used to defray money applied in paying off another loan (“the old loan”); and
- (c) the conditions in subsection (1) above were, or were treated by virtue of this subsection as, satisfied with respect to the old loan.

(1AC) If only part of the proceeds of the new loan was used to defray money applied in paying off the old loan, subsection (1AB) above applies only if, under the scheme, not less than nine-tenths of the remaining part of the proceeds of the new loan was applied to

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the purchase by the person to whom it was made of an annuity ending with his life or with the life of the survivor of two or more persons who include him.

(1AD) In subsection (1AC) above “the remaining part” means the part of the proceeds of the new loan that was not used to defray money applied in paying off the old loan.]

[^{F68}[^{F69}(1A) The condition in subsection (1)(d) above shall be treated as satisfied in relation to a loan if—

- (a) the person to whom the loan was made, or any of the annuitants, ceased to use the land as his only or main residence at a time falling within the period of twelve months ending with 8th March 1999, and
- (b) the intention at that time of the person to whom the loan was made, or each of the annuitants owning an estate or interest in the land, was to take steps, before the end of the period of twelve months after the day on which the land ceased to be so used, with a view to the disposal of his estate or interest.]

(1B) If it appears to the Board reasonable to do so, having regard to all the circumstances of a particular case, they may direct that in relation to that case subsection (1A) above shall have effect as if for the reference to 12 months there were substituted a reference to such longer period as meets the circumstances of that case.]

(2) Interest is not eligible for relief by virtue of this section unless it is payable by the person to whom the loan was made or by one of the annuitants.

(3) If the loan was made after 26th March 1974 interest on it is eligible for relief by virtue of this section only to the extent that the amount on which it is payable does not exceed [^{F70}the sum of £30,000]; and if the interest is payable by two or more persons the interest payable by each of them is so eligible only to the extent that the amount on which it is payable does not exceed such amount as bears to [^{F71}that sum] the same proportion as the interest payable by him bears to the interest payable by both or all of them.

Textual Amendments

- F64** S. 365(1)(aa) inserted (with effect in accordance with s. 39(3) of the amending Act) by [Finance Act 1999 \(c. 16\), s. 39\(1\)](#)
- F65** Words in s. 365(1)(d) inserted (with effect in accordance with s. 40(5) of the amending Act) by [Finance Act 1999 \(c. 16\), s. 40\(2\)](#)
- F66** S. 365(1AA) inserted (with effect in accordance with s. 39(3) of the amending Act) by [Finance Act 1999 \(c. 16\), s. 39\(2\)](#)
- F67** S. 365(1AB)-(1AD) inserted (with effect in accordance with s. 40(5) of the amending Act) by [Finance Act 1999 \(c. 16\), s. 40\(3\)](#)
- F68** S. 365(1A)(1B) inserted (27.7.1993 with effect in relation to payments of interest made on or after 16 March 1993 (whenever falling due)) by [Finance Act 1993 \(c. 34\), s. 57\(3\)\(5\)\(6\)](#)
- F69** S. 365(1A) substituted (with effect in accordance with s. 40(5) of the amending Act) by [Finance Act 1999 \(c. 16\), s. 40\(4\)](#)
- F70** Words in s. 365(3) substituted (with effect in accordance with s. 83(4) of the amending Act) by [Finance Act 2000 \(c. 17\), s. 83\(1\)\(a\)](#)
- F71** Words in s. 365(3) substituted (with effect in accordance with s. 83(4) of the amending Act) by [Finance Act 2000 \(c. 17\), s. 83\(1\)\(b\)](#)

Marginal Citations

- M3** Source-1974 Sch.1 24; 1984 s.22(3)

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366 Information.

- (1) ^{M4}A person who claims relief under section 353 in respect of any payment of interest shall furnish to the inspector a statement in writing by the person to whom the payment is made, showing—
 - (a) the date when the debt was incurred;
 - (b) the amount of the debt when incurred;
 - (c) the interest paid in the year of assessment for which the claim is made ^{F72}. . . ; and
 - (d) the name and address of the debtor.
- (2) ^{M5}Where any such interest as is mentioned in section 353 is paid, the person to whom it is paid shall, if the person who pays it so requests in writing, furnish him with such statement as regards that interest as is mentioned in subsection (1) above; and the duty imposed by this subsection shall be enforceable at the suit or instance of the person making the request.
- (3) Subsections (1) and (2) above do not apply to interest paid to a building society, or to a local authority.

Textual Amendments

F72 Words in s. 366(1)(c) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 70, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Marginal Citations

M4 Source-1972 Sch.10 7; 1974 Sch.1 25(1)
M5 Source-1972 Sch.10 8, 9

367 Provisions supplementary to sections 354 to 366.

- (1) ^{F73}
- (2) ^{F74}
- (3) ^{F74}
- (4) ^{F74}
- (5) ^{M6}In [^{F75}section] 365(3) references to the qualifying maximum for the year of assessment are references to such sum as Parliament may determine for the purpose for that year.

Textual Amendments

F73 [S. 367\(1\)](#) repealed (with effect in accordance with [Sch. 4 para. 18\(5\)](#), [Sch. 20 Pt. 3\(7\)](#) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\), Sch. 4 para. 3\(2\), Sch. 20 Pt. 3\(7\)](#)

F74 [S. 367\(2\)-\(4\)](#) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 71, Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F75 Words in [s. 367\(5\)](#) substituted (with effect in accordance with [Sch. 4 para. 18\(5\)](#) of the amending Act) by [Finance Act 1999 \(c. 16\), Sch. 4 para. 3\(4\)](#)

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Modifications etc. (not altering text)

- C3** S. 367(5): £30,000 specified (1988-89) by [Finance Act 1988 \(c. 39\), s. 41](#)
S. 367(5): £30,000 specified (1989-90) by [Finance Act 1989 \(c. 26\), s. 46](#)
S. 367(5): £30,000 specified (1990-91) by [Finance Act 1990 \(c. 29\), s. 71](#)
S. 367(5): £30,000 specified (1991-92) by [Finance Act 1991 \(c. 31\), s. 26](#)
S. 367(5): £30,000 specified (1992-93) by [Finance Act 1992 \(c. 20\), s. 10\(4\)](#) (with s. 10(5))
S. 367(5): £30,000 specified (1993-94) by [Finance Act 1993 \(c. 34\), s. 55](#)
S. 367(5): £30,000 specified (1994-95, 1995-96) by [Finance Act 1994 \(c. 9\), s. 80](#)
S. 367(5): £30,000 specified (1996-97) by [Finance Act 1996 \(c. 8\), s. 76](#)
S. 367(5): £30,000 specified (1997-98) by [Finance Act 1997 \(c. 16\), s. 57](#)
S. 367(5): £30,000 specified (1998-99) by [Finance \(No. 2\) Act 1997 \(c. 58\), s. 16](#)
S. 367(5): £30,000 specified (1999-2000) by [Finance Act 1999 \(c. 16\), s. 37](#)

Marginal Citations

- M6** Source-1972 Sch.9 5(1A); 1984 s.22(1)(c)

[^{F76} **367A Alternative finance arrangements**

- (1) Sections 353 and 365 have effect as if—
- (a) purchase and resale arrangements involved the making of a loan, and
 - (b) alternative finance return were interest.
- (2) Section 366 has effect accordingly.
- (3) In this section—
- “alternative finance return” has the meaning given in sections 564I to 564L of ITA 2007, and
 - “purchase and resale arrangements” means arrangements to which section 564C of ITA 2007 applies.]

Textual Amendments

- F76** S. 367A inserted (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), Sch. 2 para. 47](#) (with Sch. 9)

368 Exclusion of double relief etc.

^{F77}

Textual Amendments

- F77** S. 368 repealed (6.4.2007 with effect in accordance with s. 1034(1) of the repealing Act) by [Income Tax Act 2007 \(c. 3\), Sch. 1 para. 72, Sch. 3 Pt. 1](#) (with Sch. 2)

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Mortgage interest relief at source

369 Mortgage interest payable under deduction of tax.

- (1) ^{M7}If a person who is a qualifying borrower makes a payment of relevant loan interest to which this section applies, he shall be entitled, on making the payment, to deduct and retain out of it a sum equal to [^{F78}the applicable percentage thereof.]
- [^{F79}(1A) In subsection (1) above “the applicable percentage” means [^{F80}23 per cent.].]
- (2) Where a sum is deducted under subsection (1) above from a payment of relevant loan interest—
- (a) the person to whom the payment is made shall allow the deduction on receipt of the residue;
 - (b) the borrower shall be acquitted and discharged of so much money as is represented by the deduction as if the sum had been actually paid; and
 - (c) the sum deducted shall be treated as income tax paid by the person to whom the payment is made.
- [^{F81}(3) The following payments, that is to say—
- (a) payments of relevant loan interest to which this section applies, and
 - (b) payments which would be such payments but for section 373(5),
- shall not be allowable as deductions for any purpose of the Income Tax Acts except in so far as they fall to be treated as such payments by virtue only of section 375(2) and would be allowable apart from this subsection.]
- (6) [^{F82M8}Sections 967(2) and 968(2) of CTA 2010 do not apply to a payment of relevant loan interest to which this section applies, but any person by whom such a payment] is received shall be entitled to recover from the Board, in accordance with regulations, an amount which by virtue of subsection (2)(c) above is treated as income tax paid by him; and any amount so recovered shall be treated for the purposes of the Tax Acts in like manner as the payment of relevant loan interest to which it relates.
- [^{F83}(7) The following provisions of the Management Act, namely—
- [^{F84}(a) section 29(1)(c) (excessive relief) as it has effect apart from section 29(2) to (10) of that Act;]
 - (b) section 30 (tax repaid in error etc.) [^{F85}apart from subsection (1B)],
 - (c) [^{F86}section 86] (interest), and
 - (d) section 95 (incorrect return or accounts),
- shall apply in relation to an amount which is paid to any person by the Board as an amount recoverable in accordance with regulations made by virtue of subsection (6) above but to which that person is not entitled as if it were income tax which ought not to have been repaid and, where that amount was claimed by that person, as if it had been repaid [^{F87}as respects a chargeable period] as a relief which was not due.]
- [^{F88}(8) In the application of section 86 of the Management Act by virtue of subsection (7) above in relation to sums due and payable by virtue of an assessment made for the whole or part of a year of assessment (“the relevant year of assessment”) under section 29(1)(c) or 30 of that Act, as applied by that subsection, the relevant date—
- (a) is 1st January in the relevant year of assessment in a case where the person falling within subsection (6) above has made a relevant interim claim; and
 - (b) in any other case, is the later of the following dates, that is to say—

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- (i) 1st January in the relevant year of assessment; or
- (ii) the date of the making of the payment by the Board which gives rise to the assessment.

(9) In this section—

“financial year”, in relation to any person, means a financial year of that person for the purposes of the relevant regulations;

“interim claim” means an interim claim within the meaning of the relevant regulations;

“relevant interim claim” means, in relation to an assessment made for a period coterminous with, or falling wholly within, a person’s financial year, an interim claim made for a period falling wholly or partly within that financial year; and

“the relevant regulations” means regulations made under section 378(3) for the purposes of subsection (6) above.]

Textual Amendments

- F78** Words in s. 369(1) substituted (with effect in accordance with s. 81(6) of the amending Act) by Finance Act 1994 (c. 9), s. 81(3)
- F79** S. 369(1A) substituted (with effect in accordance with Sch. 4 para. 18(5) of the amending Act) by Finance Act 1999 (c. 16), Sch. 4 para. 4
- F80** Words in s. 369(1A) substituted (with effect in accordance with s. 83(4) of the amending Act) by Finance Act 2000 (c. 17), s. 83(3)
- F81** S. 369(3) substituted for s. 369(3)-(5B) (with effect in accordance with s. 81(6) of the amending Act) by Finance Act 1994 (c. 9), s. 81(4)
- F82** Words in s. 369(6) substituted (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 33 (with Sch. 2)
- F83** S. 369(7) inserted (27.7.1993) by 1993 c. 34, s. 58(1)(2)
- F84** S. 369(7)(a) substituted (with effect in accordance with Sch. 18 para. 17(2) of the amending Act) by Finance Act 1996 (c. 8), Sch. 18 para. 6(2)(a)
- F85** Words in s. 369(7)(b) inserted (with effect in accordance with Sch. 18 para. 17(2) of the amending Act) by Finance Act 1996 (c. 8), Sch. 18 para. 6(2)(b)
- F86** Words in s. 369(7)(c) substituted (with effect in accordance with Sch. 18 para. 17(3) of the amending Act) by Finance Act 1996 (c. 8), Sch. 18 para. 6(2)(c)
- F87** Words in s. 369(7) inserted (with effect in accordance with Sch. 18 para. 17(8) of the amending Act) by Finance Act 1996 (c. 8), Sch. 18 para. 6(2)(d)
- F88** S. 369(8)(9) inserted (with effect in accordance with Sch. 18 para. 17(3) of the amending Act) by Finance Act 1996 (c. 8), Sch. 18 para. 6(3)

Modifications etc. (not altering text)

- C4** S. 369(1) excluded (27.7.1999) by Finance Act 1999 (c. 16), s. 38(2)-(7)

Marginal Citations

- M7** Source-1982 s.26(1), (2)
- M8** Source-1982 s.26(7)

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370 Relevant loan interest.

- (1) ^{M9}Subject to this section and [^{F89}sections 373] to 376, in this Part “relevant loan interest” means interest which is paid and payable in the United Kingdom to a qualifying lender and to which subsection (2) ^{F90} . . . below applies.
- (2) Subject to subsection (4) below, this subsection applies to interest if, disregarding section 353(2) [^{F91}and any other provision applying to interest falling to be treated as relevant loan interest]—
- it is interest falling within section ^{F92} . . . 365; and
 - apart [^{F93}(where applicable) from] section ^{F92} . . . 365(3), the whole of the interest [^{F94}would be eligible for relief under section 353];^{F95} . . .
 - ^{F95}
- (3) ^{F96}
- (4) ^{F96}
- (5) ^{M10}In determining whether subsection (2) above applies to any interest, [^{F97}section 365 shall] have effect as if the words “or the Republic of Ireland” were omitted.
- (6) ^{F96}
- [^{F98}(6A) ^{F99}]
- (7) ^{F96}

Textual Amendments

- F89** Words in s. 370(1) substituted (with effect in accordance with Sch. 4 para. 18(5) of the amending Act) by Finance Act 1999 (c. 16), Sch. 4 para. 5(2)(a)
- F90** Words in s. 370(1) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 5(2)(b), Sch. 20 Pt. 3(7)
- F91** Words in s. 370(2) inserted (with effect in accordance with s. 81(6) of the amending Act) by Finance Act 1994 (c. 9), Sch. 9 para. 10(1)(a)
- F92** Words in s. 370(2) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 5(3), Sch. 20 Pt. 3(7)
- F93** Words in s. 370(2)(b) substituted (with effect in accordance with s. 81(6) of the amending Act) by Finance Act 1994 (c. 9), Sch. 9 para. 10(1)(b)
- F94** Words in s. 370(2)(b) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), Sch. 1 para. 155 (with Sch. 2)
- F95** S. 370(2)(c) and preceding word repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 5(3), Sch. 20 Pt. 3(7)
- F96** S. 370(3)(4)(6)(7) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 5(4), Sch. 20 Pt. 3(7)
- F97** Words in s. 370(5) substituted (with effect in accordance with Sch. 4 para. 18(5) of the amending Act) by Finance Act 1999 (c. 16), Sch. 4 para. 5(5)
- F98** S. 370(6A) inserted (with effect in accordance with s. 81(6) of the amending Act) by Finance Act 1994 (c. 9), Sch. 9 para. 10(2)
- F99** S. 370(6A) repealed (with effect in accordance with s. 42(3)-(5) of the repealing Act) by Finance Act 1995 (c. 4), Sch. 29 Pt. 8(2), Note

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- M9** Source-1982 Sch.7 2(1)-(3)

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M10 Source-1982 Sch.7 3(1)-(3)

F100 **371 Second loans.**

.....

Textual Amendments

F100 S. 371 repealed (27.7.1993 with effect in relation to payments of interest made on or after 16 March 1993 (whenever falling due)) by [Finance Act 1993 \(c. 34\)](#), ss. 57, 213, [Sch. 23 Pt. III](#)

372 Home improvement loans.

F101

Textual Amendments

F101 S. 372 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), Sch. 4 para. 6, [Sch. 20 Pt. 3\(7\)](#)

373 Loans in excess of the qualifying maximum, and joint borrowers.

(1) ^{M11}The provisions of this section have effect in relation to a loan where, by virtue of ^{F102} . . . section 365(3), only part of the interest on the loan would (apart from section 353(2)) be eligible for relief under section 353; and in this section any such loan is referred to as a “limited loan”.

(2) None of the interest on a limited loan is relevant loan interest unless—
(a) the loan is made on or after 6th April 1987; or
(b) the qualifying lender to whom the interest is payable has given notice to the Board in accordance with regulations that he is prepared to have limited loans of a description which includes that limited loan brought within the tax deduction scheme.

(3) ^{F103}

(4) ^{F103}

(5) ^{M12}Where the condition in paragraph (a) or (b) of subsection (2) above is fulfilled ^{F104} . . . only so much of the interest as (apart from section 353(2)) would be eligible for relief under section 353 is relevant loan interest.

(6) ^{M13}Where a loan on which interest is payable by the borrower was made jointly to the borrower and another person who is not the borrower’s husband or wife, the interest on the loan is not relevant loan interest unless—
(a) each of the persons to whom the loan was made is a qualifying borrower; and
(b) in relation to each of them considered separately, the whole of that interest is relevant loan interest, in accordance with [^{F105}section 370] and this section.

(7) In subsection (6) above references to the borrower’s husband or wife do not include references to a separated husband or wife ^{F106}

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Textual Amendments

- F102** Words in s. 373(1) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 7\(2\)\(a\)](#), [Sch. 20 Pt. 3\(7\)](#)
- F103** S. 370(3)(4) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 7\(2\)\(b\)](#), [Sch. 20 Pt. 3\(7\)](#)
- F104** Words in s. 373(5) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 7\(2\)\(c\)](#), [Sch. 20 Pt. 3\(7\)](#)
- F105** Words in s. 373(6) substituted (with effect in accordance with Sch. 4 para. 18(5) of the amending Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 7\(3\)](#)
- F106** Words in s. 373(7) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 7\(2\)\(d\)](#), [Sch. 20 Pt. 3\(7\)](#)

Marginal Citations

- M11** Source-1982 Sch.7 5(1)-(3); 1985 s.37(2)
- M12** Source-1982 Sch.7 5(4); 1983 s.17(2); 1985 s.37(3)
- M13** Source-1982 Sch.7 6(1), (2)

374 Conditions for application of section 369.

- (1) ^{M14}Section 369 does not apply to any relevant loan interest unless—
- (a) in the case of a loan of a description specified by regulations for the purposes of this paragraph, the borrower or, in the case of joint borrowers, each of them has given notice to the lender in the prescribed form certifying—
 - (i) that he is a qualifying borrower; and
 - (ii) that the interest is relevant loan interest; and
 - (iii) such other matters as may be prescribed; or
 - (b) the Board have given notice to the lender and the borrower that the interest may be paid under deduction of tax; or
 - (c) ^{F107}
 - (d) ^{M15}the loan to which the interest relates is of a description specified by regulations for the purposes of this paragraph and was made—
 - (i) if sub-paragraph (2) of paragraph 2 of Schedule 7 to the Finance Act 1982 applied to interest on the loan which became due on or after a date earlier than 6th April 1983, being a date specified by the Board in pursuance of sub-paragraph (5) of that paragraph, before that earlier date; or
 - (ii) if the qualifying lender is a building society or a local authority, before 1st April 1983; or
 - (iii) if sub-paragraphs (i) and (ii) above do not apply and the interest falls within section 370(2), before 6th April 1983.
- (2) ^{M16}Where notice has been given as mentioned in paragraph (a) or (b) of subsection (1) above, section 369 applies to any relevant loan interest to which the notice relates and which becomes due on or after the relevant date, as defined by subsection (3) below; and in a case falling within paragraph ^{F108} . . . (d) of subsection (1) above, section 369 applies to the relevant loan interest referred to in that paragraph.
- (3) In subsection (2) above “the relevant date” means—

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- (a) in the case of a notice under subsection (1)(a) above, the date the notice is given, and
- (b) in the case of a notice under subsection (1)(b) above, a date specified in the notice as being the relevant date (which may be earlier than the date so specified as the date from which the interest may be paid under deduction of tax).

Textual Amendments

- F107** S. 374(1)(c) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 8, Sch. 20 Pt. 3(7)
- F108** Words in s. 374(2) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 8, Sch. 20 Pt. 3(7)

Marginal Citations

- M14** Source-1982 Sch.7 7(1)(a)-(c)
- M15** Source-1982 Sch.7 7(1)(d), (4), (5)
- M16** Source-1982 Sch.7 7(2)(3)

[^{F109}374A] Interest which never has been relevant loan interest etc.

- (1) This section applies where, in the case of any loan, interest on the loan never has been relevant loan interest or the borrower never has been a qualifying borrower.
- (2) Without prejudice to subsection (3) below, in relation to a payment of interest—
 - (a) as respects which either of the conditions mentioned in paragraphs (a) and (b) of section 374(1) is fulfilled, and
 - (b) from which a deduction was made as mentioned in section 369(1),section 369 shall have effect as if the payment of interest were a payment of relevant loan interest made by a qualifying borrower.
- (3) Nothing in subsection (2) above shall be taken as regards the borrower as entitling him to make any deduction or to retain any amount deducted and, accordingly, where any amount has been deducted, he shall be liable to make good that amount and an officer of the Board may make such assessments as may in his judgment be required for recovering that amount.
- (4) The Management Act shall apply to an assessment under subsection (3) above as if it were an assessment to income tax for the year of assessment in which the deduction was made ^{F110}
- (5) If the borrower fraudulently or negligently makes any false statement or representation in connection with the making of any deduction, he shall be liable to a penalty not exceeding the amount deducted.]

Textual Amendments

- F109** S. 374A inserted (with application in accordance with s. 112(5) of the amending Act) by Finance Act 1995 (c. 4), s. 112(1)
- F110** Words in s. 374A(4) repealed (with effect in accordance with Sch. 18 para. 17(5) of the repealing Act) by Finance Act 1996 (c. 8), Sch. 18 para. 7, Sch. 41 Pt. 5(8), Note

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375 Interest ceasing to be relevant loan interest, etc.

- (1)^{M17}If at any time—
- (a) the interest on a loan ceases to be relevant loan interest; or
 - (b) a person making payments of relevant loan interest ceases to be a qualifying borrower;
- the borrower shall give notice of the fact to the lender.
- (2) Without prejudice to subsection (3) below, in relation to a payment of interest—
- (a) which is due after the time referred to in subsection (1) above and before the date on which notice is given under that subsection, and
 - [^{F111}(aa) as respects which any of the conditions mentioned in section 374(1) is fulfilled, and]
 - (b) from which a deduction was made as mentioned in section 369(1),
- section 369 shall have effect as if the payment were a payment of relevant loan interest made by a qualifying borrower.
- (3) Nothing in subsection (2) above [^{F112}shall be taken as regards the borrower as entitling him to any deduction or to retain any amount deducted and, accordingly, where any amount that has been deducted exceeds the amount which ought to have been deducted], he shall be liable to make good the excess and an inspector may make such assessments as may in his judgment be required for recovering the excess.
- [^{F113}(4) The Management Act shall apply to an assessment under subsection (3) above [^{F114}as if it were an assessment to income tax for the year of assessment in which the deduction was made].
- (4A) If there is any unreasonable delay in the giving of a notice under subsection (1) above, the borrower shall be liable to a penalty not exceeding so much of the aggregate amount that he is liable to make good under subsection (3) above as is attributable to that delay.]
- (5)^{M18}If, as a result of receiving a notice under subsection (1) above or otherwise, a qualifying lender has reason to believe that any interest is no longer relevant loan interest or that a borrower is no longer a qualifying borrower, the lender shall furnish the Board with such information as is in his possession with respect to those matters.
- (6)^{M19}Where it appears to the Board that any of the provisions of sections 370 to 373 is not or may not be fulfilled with respect to any interest, or that a qualifying borrower has or may have ceased to be a qualifying borrower, they shall give notice of that fact to the lender and the borrower specifying the description of relevant loan interest concerned or, as the case may be, that the borrower has or may have ceased to be a qualifying borrower.
- (7) Section 369 shall not apply to any payment of relevant loan interest of a description to which a notice under subsection (6) above relates and which becomes due or is made after such date as may be specified in the notice and before such date as may be specified in a further notice given by the Board to the lender and the borrower.
- (8)^{M20}In any case where—
- (a) section 369 applies to any relevant loan interest by virtue of a notice under section 374(1)(b), and
 - (b) the relevant date specified in the notice is earlier than the date from which the interest begins to be paid under deduction of tax, and

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(c) a payment of that interest was made on or after the relevant date but not under deduction of tax,

regulations may provide for a sum to be paid by the Board of an amount equal to that which the borrower would have been able to deduct from that payment by virtue of section 369 if it had been made after the relevant date.

[^{F115}(8A) In any case where an amount to which a person is not entitled is paid to him by the Board in pursuance of regulations made by virtue of subsection (8) above, regulations may—

- (a) provide for an officer of the Board to make such assessments as may in his judgment be required for recovering that amount from that person; and
- (b) make provision corresponding to that made by subsection (4A) above and subsections (4) and (5) of section 374A.]

[^{F116}(8B) Subsections (1), (5) and (6) above shall not apply where interest ceases to be relevant loan interest by virtue of section 38 of the Finance Act 1999.]

(9) ^{F117}

(10) ^{F117}

Textual Amendments

F111 S. 375(2)(aa) inserted (with application in accordance with s. 112(5) of the amending Act) by Finance Act 1995 (c. 4), s. 112(2)

F112 Words in s. 375(3) substituted (with effect in accordance with s. 81(6) of the amending Act) by Finance Act 1994 (c. 9), Sch. 9 para. 11

F113 S. 375(4)(4A) substituted for s. 375(4) (with application in accordance with s. 112(5) of the amending Act) by Finance Act 1995 (c. 4), s. 112(3)

F114 Words in s. 375(4) substituted (with effect in accordance with Sch. 18 para. 17(1) of the amending Act) by Finance Act 1996 (c. 8), Sch. 18 para. 8

F115 S. 375(8A) inserted (with application in accordance with s. 112(5) of the amending Act) by Finance Act 1995 (c. 4), s. 112(4)

F116 S. 375(8B) inserted (with effect in accordance with Sch. 4 para. 18(5) of the amending Act) by Finance Act 1999 (c. 16), Sch. 4 para. 9(1)

F117 S. 375(9)(10) repealed (with effect in accordance with Sch. 4 para. 18(1) of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 9(2), Sch. 20 Pt. 3(7), Note 1

Marginal Citations

M17 Source-1982 Sch.7 8

M18 Source-1982 Sch.7 9(1)

M19 Source-1982 Sch.7 10(1), (2)

M20 Source-1982 Sch.7 11

[^{F118}**375A**Option to deduct interest for the purposes of Schedule A.

^{F119}

Textual Amendments

F118 S. 375A inserted (with effect in accordance with s. 39(4)(5) of the amending Act) by Finance Act 1995 (c. 4), Sch. 6 para. 18

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F119 S. 375A repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 10, Sch. 20 Pt. 3(7)

376 Qualifying borrowers and qualifying lenders.

- (1)^{M21} Subject to subsection (2) below, an individual is a qualifying borrower with respect to the interest on any loan.
- (2) In relation to interest paid at a time when the borrower or the borrower's husband or wife holds [^{F120}an office or employment which would, but for some special exemption or immunity from tax, be a taxable employment under Part 2 of ITEPA 2003 (as defined by section 66(3) of that Act)], the borrower is not a qualifying borrower.
- (3) In subsection (2) above references to the borrower's husband or wife do not include references to a separated husband or wife ^{F121}
- (4)^{M22} The following bodies are qualifying lenders:—
 - (a) a building society;
 - (b) a local authority;
 - (c) the Bank of England;
 - (d) ^{F122}
 - [^{F123}(e) a person who has permission under [^{F124}Part 4A] of the Financial Services and Markets Act 2000 to effect or carry out contracts of long-term insurance;]
 - (f) any company to which property and rights belonging to a trustee savings bank were transferred by section 3 of the ^{M23}Trustee Savings Bank Act 1985;
 - (g) ^{F125}
 - (h) a development corporation within the meaning of the ^{M24}New Towns Act 1981 or the ^{M25}New Towns (Scotland) Act 1968;
 - [^{F126}(j) the Homes and Communities Agency;]
 - [^{F127}(ja) the Greater London Authority so far as exercising its housing or regeneration functions or its new towns and urban development functions;]
 - [^{F128}(k) the Regulator of Social Housing,]
 - [^{F129}(ka) the Secretary of State if the loan is made by him under section 79 of the ^{M26}Housing Associations Act 1985;]
 - (l) the Northern Ireland Housing Executive;
 - (m) the Scottish Special Housing Association;
 - (n) ^{F130}
 - (o) the Church of England Pensions Board;
 - [^{F131}(p) any body which is for the time being registered under section 376A.]
- [^{F132}(4A) ^{F133}]
- (5) ^{F134}
- (6) ^{F135}

Textual Amendments

F120 Words in s. 376(2) substituted (6.4.2003 with effect in accordance with s. 723(1) of the amending Act) by Income Tax (Earnings and Pensions) Act 2003 (c. 1), Sch. 6 para. 52 (with Sch. 7)

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- F121** Words in s. 376(3) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 11(a), **Sch. 20 Pt. 3(7)**
- F122** S. 376(4)(d) repealed (26.3.2001) by The Postal Services Act 2000 (Consequential Modifications No. 1) Order 2001 (S.I. 2001/1149), arts. 1(2), 3(2), **Sch. 2**
- F123** S. 376(4)(e) substituted (1.12.2001 in accordance with art. 1(2)(a) of the amending Order) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 23(2)(a)**
- F124** Words in s. 376(4)(e) substituted (1.4.2013) by Financial Services Act 2012 (c. 21), s. 122(3), **Sch. 18 para. 58(3)** (with Sch. 20); S.I. 2013/423, art. 3, **Sch.**
- F125** S. 376(4)(g) omitted (1.12.2001 in accordance with art. 1(2)(a) of the amending Order) by virtue of The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 23(2)(b)**
- F126** S. 376(4)(j) substituted (1.12.2008) by Housing and Regeneration Act 2008 (c. 17), s. 325(1), **Sch. 8 para. 42**; S.I. 2008/3068, **art. 2(1)(w)** (with arts. 6-13)
- F127** S. 376(4)(ja) inserted (1.4.2012) by Localism Act 2011 (c. 20), s. 240(2), **Sch. 19 para. 24**; S.I. 2012/628, **art. 6(1)** (with arts. 9-20)
- F128** S. 376(4)(k) substituted (1.4.2010) by Housing and Regeneration Act 2008 (c. 17), s. 325(1), **Sch. 9 para. 12**; S.I. 2010/862, **art. 2** (with Sch.)
- F129** S. 376(4)(ka) substituted (1.11.1998) by Government of Wales Act 1998 (c. 38), ss. 140(2), 158(1), **Sch. 16 para. 55**; S.I. 1998/2244, **art. 5**
- F130** S. 376(4)(n) repealed (1.10.1998) by Government of Wales Act 1998 (c. 38), ss. 152, 158(1), **Sch. 18 Pt. 4**; S.I. 1998/2244, **art. 4**
- F131** S. 376(4)(p) substituted (1.12.2001 in accordance with art. 1(2)(a) of the amending Order) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 23(2)(c)**
- F132** S. 376(4A) inserted (19.2.1993) by Finance (No. 2) Act 1992 (c. 48), s. 56, Sch. 9 paras. 3(3), **22**; S.I. 1993/236, **art. 2**
- F133** S. 376(4A) omitted (1.12.2001 in accordance with art. 1(2)(a) of the amending Order) by virtue of The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), **art. 23(3)**
- F134** S. 376(5) repealed (3.5.1994) by Finance Act 1994 (c. 9), s. 142(1)(b), **Sch. 26 Pt. 5(19)**
- F135** S. 376(6) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by Finance Act 1999 (c. 16), Sch. 4 para. 11(b), **Sch. 20 Pt. 3(7)**

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- M21** Source-1982 Sch.7 13
- M22** Source-1982 Sch.7 14(1); 1983 s.17(3)
- M23** 1985 c. 50.
- M24** 1981 c.64.
- M25** 1968 c. 16.
- M26** 1985 c. 69.

[^{F136}376A] The register of qualifying lenders.

- (1) The Board shall maintain, and publish in such manner as they consider appropriate, a register for the purposes of section 376(4).

[The following are entitled to be registered—

- ^{F137}(1A) (a) a person who has permission under [^{F138}Part 4A] of the Financial Services and Markets Act 2000—
- (i) to accept deposits; or
- (ii) to effect or carry out contracts of general insurance;

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- (b) a 90 per cent subsidiary of a person mentioned in—
 - (i) section 376(4)(e); or
 - (ii) paragraph (a) above;
 - (c) any other body whose activities and objects appear to the Board to qualify it for registration.]
- (2) If the Board are satisfied that an applicant for registration is entitled to be registered, they may register the applicant generally or in relation to any description of loan specified in the register, with effect from such date as may be so specified; and a body which is so registered shall become a qualifying lender in accordance with the terms of its registration.
- (3) The registration of any body may be varied by the Board—
- (a) where it is general, by providing for it to be in relation to a specified description of loan, or
 - (b) where it is in relation to a specified description of loan, by removing or varying the reference to that description of loan,
- and where they do so, they shall give the body written notice of the variation and of the date from which it is to have effect.
- (4) If it appears to the Board at any time that a body which is registered under this section would not be entitled to be registered if it applied for registration at that time, the Board may by written notice given to the body cancel its registration with effect from such date as may be specified in the notice.
- (5) The date specified in a notice under subsection (3) or (4) above shall not be earlier than the end of the period of 30 days beginning with the date on which the notice is served.
- (6) Any body which is aggrieved by the failure of the Board to register it under this section, or by the variation or cancellation of its registration, may [^{F139} appeal], by notice given to the Board before the end of the period of 30 days beginning with the date on which the body is notified of the Board’s decision^{F140}]

Textual Amendments

F136 S. 376A inserted (3.5.1994) by Finance Act 1994 (c. 9), s. 142(2)

F137 S. 376A(1A) inserted (1.12.2001 in accordance with art. 1(2)(a) of the amending Order) by The Financial Services and Markets Act 2000 (Consequential Amendments) (Taxes) Order 2001 (S.I. 2001/3629), art. 24

F138 Words in s. 376A(1A)(a) substituted (1.4.2013) by Financial Services Act 2012 (c. 21), s. 122(3), Sch. 18 para. 58(4) (with Sch. 20); S.I. 2013/423, art. 3, Sch.

F139 Word in s. 376A(6) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 1 para. 138(a)

F140 Words in s. 376A(6) omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 1 para. 138(b)

377 Variation of terms of repayment of certain loans.

^{F141}

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Textual Amendments

F141 S. 377 repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 12](#), [Sch. 20 Pt. 3\(7\)](#)

378 Supplementary regulations.

- M27**^{F142} (1)
- (2) ^{F142}
- (3) The Board may by regulations make provision—
- (a) for the purposes of any provision of sections 369 to ^{F143}376A] which relates to any matter or thing to be specified by or done in accordance with regulations;
 - (b) for the application of those sections in relation to loan interest paid by personal representatives and trustees;
 - (c) with respect to the furnishing of information by borrowers or lenders, including, in the case of lenders, the inspection of books, documents and other records on behalf of the Board;
 - (d) for, and with respect to, appeals to ^{F144}the tribunal] against the refusal of the Board to issue a notice under section 374(1)(b) or the issue of a notice under section 375(6) or (7); and
 - (e) generally for giving effect to sections 369 to ^{F143}376A].
- (4) ^{F142}

Textual Amendments

- F142** S. 378(1)(2)(4) repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 13\(a\)](#), [Sch. 20 Pt. 3\(7\)](#)
- F143** Words in s. 378(3) substituted (with effect in accordance with Sch. 4 para. 18(5) of the amending Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 13\(b\)](#)
- F144** Words in s. 378(3) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 139](#)

Marginal Citations

M27 Source-1982 s.29; 1984 s.56(2)

379

In sections 369 to 378—

- ^{F145}“contracts of general insurance” means contracts which fall within Part I of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and “contracts of long-term insurance” means contracts which fall within Part II of that Schedule;]
- “prescribed” ^{F146}. . . means prescribed by the Board;
- “qualifying borrower” has the meaning given by section 376(1) to (3);
- “qualifying lender” has the meaning given by section 376(4) ^{F147}. . . ;
- “regulations” ^{F148}. . . means regulations made by the Board under section 378;
- “relevant loan interest” has the meaning given by section 370(1);

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[^{F149}“separated” means separated under an order of a court of competent jurisdiction or by deed of separation or in such circumstances that the separation is likely to be permanent.]

Textual Amendments

- F145** S. 379: definition of "contracts of general insurance" inserted (1.12.2001 in accordance with art. 1(2)(a) of the amending Order) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 25](#)
- F146** S. 379: words in definition of "prescribed" repealed (3.5.1994) by [Finance Act 1994 \(c. 9\)](#), [Sch. 26 Pt. 5\(19\)](#)
- F147** S. 379: words in definition of "qualifying lender" repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 14\(a\)](#), [Sch. 20 Pt. 3\(7\)](#)
- F148** S. 379: words in definition of "regulations" repealed (with effect in accordance with Sch. 4 para. 18(5), Sch. 20 Pt. 3(7) Note 4 of the repealing Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 14\(b\)](#), [Sch. 20 Pt. 3\(7\)](#)
- F149** S. 379: definition of "separated" inserted (with effect in accordance with [Sch. 4 para. 18\(5\)](#) of the amending Act) by [Finance Act 1999 \(c. 16\)](#), [Sch. 4 para. 14\(c\)](#)

Changes to legislation:

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

- Act Tax Acts: power to modify conferred by [2004 c. 25 s. 18](#)
- Act Taxes Acts modified by 1970 c. 9, Sch. A1 para. 10(7) (as inserted) by [2017 c. 32 s. 60\(3\)](#)
- Act Taxes Acts modified by 1970 c. 9, s. 8(7) (as inserted) by [2017 c. 32 Sch. 14 para. 3\(15\)](#)
- Act Taxes Acts modified by 1970 c. 9, s. 8A(7) (as inserted) by [2017 c. 32 Sch. 14 para. 4\(12\)](#)
- Act applied (with modifications) by [S.I. 2010/875 reg. 16Sch. 2](#) (This amendment not applied to legislation.gov.uk. S.I. 2010/875 was revoked (27.8.2010) by SI 2010/1906, reg. 2 without having come into force)

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

- s. 109A(4B) inserted by [2005 c. 7 Sch. 4 para. 6\(3\)](#) (This amendment not applied to legislation.gov.uk. The amending provision (2005 c. 7, Sch. 4 para. 6) repealed retrospectively by 2005 c. 22, Sch. 6 para. 4(1)(6))
- Sch. 19AB para. 5(5)(a)(b) words substituted by [S.I. 2001/3629 art. 52\(2\)\(n\)](#) (This amendment not applied to legislation.gov.uk. The words to be substituted do not occur in Sch. 19AB para. 5)