

Changes to legislation: Finance Act 1999, SCHEDULE 4 is up to date with all changes known to be in force on or before 17 August 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

SCHEDULES

SCHEDULE 4

Section 38.

WITHDRAWAL OF RELIEF FOR INTEREST ON LOANS TO BUY LAND ETC.

Amendments of Part IX of the Taxes Act 1988

- 1 (1) Section 353 of the Taxes Act 1988 (general provision for relief for interest payments) is amended as follows.

^{F1}(2)

- (3) In subsections (1A) and (1B), omit the words “354 or”.

^{F2}(4)

Textual Amendments

F1 Sch. 4 para. 1(2) repealed (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\)](#), **Sch. 10 Pt. 13** (with Sch. 9 paras. 1-9, 22)

F2 Sch. 4 para. 1(4) repealed (6.4.2007 with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\)](#), **Sch. 3 Pt. 1** (with Sch. 2)

^{F3}2

Textual Amendments

F3 Sch. 4 para. 2 repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\), s. 3\(2\)](#), **Sch. 1 Pt. 10** Group 1

- 3 (1) Section 367 of the Taxes Act 1988 (supplementary provisions) is amended as follows.

^{F4}(2)

^{F5}(3)

- (4) In subsection (5), for “sections 356A to 357 and” substitute “section”.

Textual Amendments

F4 Sch. 4 para. 3(2) repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\), s. 3\(2\)](#), **Sch. 1 Pt. 10** Group 1

F5 Sch. 4 para. 3(3) repealed (1.4.2010 with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\)](#), **Sch. 10 Pt. 13** (with Sch. 9 paras. 1-9, 22)

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4 In section 369 of the Taxes Act 1988 (mortgage interest payable under deduction of tax), for subsection (1A) substitute—

“(1A) In subsection (1) above “the applicable percentage” means the percentage which is the basic rate for the year of assessment in which the payment has become or becomes due.”

5 (1) Section 370 of the Taxes Act 1988 (meaning of “relevant loan interest”) is amended as follows.

(2) In subsection (1)—

(a) for “sections 372” substitute “ sections 373 ”; and

F6(b)

F7(3)

F8(4)

(5) In subsection (5), for the words from “sections” to “each” substitute “ section 365 shall ”.

Textual Amendments

F6 Sch. 4 para. 5(2)(b) repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

F7 Sch. 4 para. 5(3) repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

F8 Sch. 4 para. 5(4) repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

F96

Textual Amendments

F9 Sch. 4 para. 6 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

7 (1) Section 373 of the Taxes Act 1988 (loans in excess of the qualifying maximum, and joint borrowers) is amended as follows.

F10(2)

(3) In subsection (6), for “sections 370 to 372” substitute “ section 370 ”.

Textual Amendments

F10 Sch. 4 para. 7(2) repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

F118

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Textual Amendments

F11 Sch. 4 para. 8 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), Sch. 1 Pt. 10 Group 1

9 (1) In section 375 of the Taxes Act 1988 (interest ceasing to be relevant loan interest, etc.), after subsection (8A) insert—

“(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.”

F12(2)

Textual Amendments

F12 Sch. 4 para. 9(2) repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), Sch. 1 Pt. 10 Group 1

F1310

Textual Amendments

F13 Sch. 4 para. 10 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), Sch. 1 Pt. 10 Group 1

F1411

Textual Amendments

F14 Sch. 4 para. 11 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), Sch. 1 Pt. 10 Group 1

F1512

Textual Amendments

F15 Sch. 4 para. 12 repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), Sch. 1 Pt. 10 Group 1

13 In section 378 of the Taxes Act 1988 (supplementary regulations)—

F16(a)

(b) in subsection (3), for “377”, wherever occurring, substitute “ 376A ”.

Textual Amendments

F16 Sch. 4 para. 13(a) repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), Sch. 1 Pt. 10 Group 1

14 In section 379 of the Taxes Act 1988 (interpretation of sections 369 to 378)—

F17(a)

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- F17 (b)
- (c) after the definition of “relevant loan interest” insert the following definition—

 ““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
F17 Sch. 4 para. 14(a)(b) repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

Other amendments

- 15 (1) Section 488 of the Taxes Act 1988 (tax liability of co-operative housing associations) is amended as follows.
- (2) In subsection (1)—
 - F18 (a)
 - F19 (b)
 - F20 (3)
 - F20 (4)
 - F21 (5)
 - F22 (6)

Textual Amendments
F18 Sch. 4 para. 15(2)(a) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)
F19 Sch. 4 para. 15(2)(b) repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1
F20 Sch. 4 para. 15(3)(4) repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1
F21 Sch. 4 para. 15(5) repealed (1.4.2010 with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)
F22 Sch. 4 para. 15(6) repealed (31.1.2013) by Statute Law (Repeals) Act 2013 (c. 2), s. 3(2), **Sch. 1 Pt. 10** Group 1

F23 16

Textual Amendments
F23 Sch. 4 para. 16 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 14 para. 17(h)**

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17 (1) Section 222 of the ^{M1}Taxation of Chargeable Gains Act 1992 (relief on disposal of private residence) is amended as follows.

^{F24}(2)

(3) After subsection (8) insert—

“(8A) Subject to subsections (8B), (8C) and (9) below, for the purposes of subsection (8) above living accommodation is job-related for a person if—

(a) it is provided for him by reason of his employment, or for his spouse by reason of her employment, in any of the following cases—

(i) where it is necessary for the proper performance of the duties of the employment that the employee should reside in that accommodation;

(ii) where the accommodation is provided for the better performance of the duties of the employment, and it is one of the kinds of employment in the case of which it is customary for employers to provide living accommodation for employees;

(iii) where, there being a special threat to the employee’s security, special security arrangements are in force and the employee resides in the accommodation as part of those arrangements;

or

(b) under a contract entered into at arm’s length and requiring him or his spouse to carry on a particular trade, profession or vocation, he or his spouse is bound—

(i) to carry on that trade, profession or vocation on premises or other land provided by another person (whether under a tenancy or otherwise); and

(ii) to live either on those premises or on other premises provided by that other person.

(8B) If the living accommodation is provided by a company and the employee is a director of that or an associated company, subsection (8A)(a)(i) or (ii) above shall not apply unless—

(a) the company of which the employee is a director is one in which he or she has no material interest; and

(b) either—

(i) the employment is as a full-time working director, or

(ii) the company is non-profit making, that is to say, it does not carry on a trade nor do its functions consist wholly or mainly in the holding of investments or other property, or

(iii) the company is established for charitable purposes only.

(8C) Subsection (8A)(b) above does not apply if the living accommodation concerned is in whole or in part provided by—

(a) a company in which the borrower or his spouse has a material interest; or

(b) any person or persons together with whom the borrower or his spouse carries on a trade or business in partnership.

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(8D) For the purposes of this section—

- (a) a company is an associated company of another if one of them has control of the other or both are under the control of the same person; and
- (b) “employment”, “director”, “full-time working director”, “material interest” and “control”, in relation to a body corporate, have the same meanings as they have for the purposes of Chapter II of Part V of the Taxes Act.”

(4) In subsection (9)—

- (a) for “Section 356(3)(b) and (5) of the Taxes Act” substitute “ Subsections (8A)(b) and (8C) above ”; and
- (b) for “within the meaning of that section” substitute “ for the purposes of that subsection ”.

Textual Amendments

F24 Sch. 4 para. 17(2) repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\)](#), s. 3(2), [Sch. 1 Pt. 10](#) Group 1

Marginal Citations

M1 1992 c.12.

Commencement

18 ^{F25}(1)

(2) Paragraph 15 above has effect in relation to any claim for (or for part of) the year 2000-01 or any subsequent year of assessment.

^{F26}(3)

(4) Paragraph 17 above has effect for the year 2000-01 and subsequent years of assessment.

(5) The other provisions of this Schedule have effect in relation to any payment of interest falling within subsection (3) or (4) of section 38 of this Act.

Textual Amendments

F25 Sch. 4 para. 18(1) repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\)](#), s. 3(2), [Sch. 1 Pt. 10](#) Group 1

F26 Sch. 4 para. 18(3) omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 17\(h\)](#)

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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):

- Sch. 17 para. 6 - 8 Sch. 19 Pt. 1-III repealed (prosp.) by 1999 c. 16 s. 123(3)s. 123(4)139Sch. 20 Pt. 5(6) Note