



Finance Act 1999

1999 CHAPTER 16

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Relief for interest payments

38 Withdrawal of relief for interest on loans to buy land etc.

- (1) A payment of interest falling within subsection (3) or (4) below shall not be eligible for relief under section 353 of the Taxes Act 1988 by virtue of section 354 of that Act (interest on loans to buy land etc.).
- (2) Section 369(1) of that Act (mortgage interest payable under deduction of tax) shall not apply to any payment of interest falling within subsection (3) or (4) below which (apart from section 353(2) of that Act and subsection (1) above) would be eligible for relief under section 353 of that Act by virtue of section 354 of that Act.
- (3) A payment of interest falls within this subsection if it is—
 - (a) a payment made on or after 6th April 2000 (whenever falling due); or
 - (b) a payment made before that date, but not before 9th March 1999, of any interest that was not due until on or after 6th April 2000.
- (4) A payment of interest falls within this subsection if it is—
 - (a) made before 6th April 2000 but not before 9th March 1999; and
 - (b) made under or in accordance with any scheme made for a tax-avoidance purpose on or after 9th March 1999 (whether or not before the making of the payment).
- (5) For the purposes of subsection (4) above, a scheme is made for a tax-avoidance purpose if its main purpose, or one of its main purposes, is to secure that a payment of one or more of the following descriptions is a relievable payment, that is to say—
 - (a) a payment discharging an obligation to make a payment which (but for the scheme) might have been expected to be a non-relievable payment;

Changes to legislation: *Finance Act 1999, Section 38 is up to date with all changes known to be in force on or before 22 April 2024. 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*

- (b) a payment made in pursuance of any obligation which has effect, directly or indirectly, in place of an obligation under which a payment which might have been expected to be a non-relievable payment would have become due;
 - (c) a payment made in pursuance of an obligation which (apart from the purpose of securing that it is a relievable payment) might have been expected to take the form of an obligation—
 - (i) to make a non-relievable payment, or
 - (ii) to make two or more payments at least one of which would have been a non-relievable payment.
- (6) In subsection (5) above—
“non-relievable payment” means a payment falling within subsection (3) above; and
“relievable payment” means a payment which—
 - (a) is eligible for relief under section 353 of the Taxes Act 1988, or
 - (b) is a payment to which section 369(1) of that Act applies.
- (7) The references in this section to a scheme are references to any scheme, arrangements or understanding of any kind whatever, whether or not legally enforceable.
- (8) Schedule 4 to this Act (which contains amendments consequential on the preceding provisions of this section) shall have effect.

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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