



# Finance Act 2004

## 2004 CHAPTER 12

### PART 3

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER 6

#### EXEMPTION FROM INCOME TAX FOR CERTAIN INTEREST AND ROYALTY PAYMENTS

#### *Introductory*

#### **F197** **Introductory**

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#### **Textual Amendments**

- F1** S. 97 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), Sch. 1 para. 631, [Sch. 3](#) (with Sch. 2)

#### *Exemption from income tax*

#### **F298** **Exemption from income tax for certain interest and royalty payments**

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#### **Textual Amendments**

- F2** S. 98 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), Sch. 1 para. 632, [Sch. 3](#) (with Sch. 2)

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**F<sup>3</sup>99 Permanent establishments and “25% associates”**

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**Textual Amendments**  
**F3** S. 99 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), Sch. 1 para. 633, [Sch. 3](#) (with Sch. 2)

*Exemption notices*

**F<sup>4</sup>100 Interest payments: exemption notices**

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**Textual Amendments**  
**F4** S. 100 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), Sch. 1 para. 634, [Sch. 3](#) (with Sch. 2)

*Payment without deduction*

**F<sup>5</sup>101 Payment of royalties without deduction at source**

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**Textual Amendments**  
**F5** S. 101 repealed (with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), Sch. 1 para. 463, [Sch. 3 Pt. 1](#) (with Sch. 2)

**F<sup>6</sup>102 Claim for tax deducted at source from exempt interest or royalty payments**

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**Textual Amendments**  
**F6** S. 102 repealed (with effect in accordance with s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), Sch. 1 para. 463, [Sch. 3 Pt. 1](#) (with Sch. 2)

*Special relationships and anti-avoidance*

**F<sup>7</sup>103 Special relationships**

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**Textual Amendments**

**F7** S. 103 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), Sch. 1 para. 637, [Sch. 3](#) (with Sch. 2)

**F8 104 Anti-avoidance**

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**Textual Amendments**

**F8** S. 104 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), Sch. 1 para. 638, [Sch. 3](#) (with Sch. 2)

*Supplementary*

**105 Consequential amendments**

(1) Section 98 of the Taxes Management Act 1970 (c. 9) (special returns etc) is amended as follows.

(2) In subsection (4A)(b), after “(4D)” insert “, (4DA)”.

(3) After subsection (4D) insert—

“(4DA) A payment is within this subsection if—

- (a) it is a payment to which section 349(1) of the principal Act (requirement to deduct tax) applies,
- (b) a company, purporting to rely on section 101 of the Finance Act 2004 (payment of royalties without deduction at source), makes the payment without deduction of tax under section 349(1) of the principal Act, and
- (c) at the time the payment is made section 98 of the Finance Act 2004 does not apply to the payment and the company—
  - (i) does not believe that that section does so apply, or
  - (ii) if it does so believe, cannot reasonably do so.”.

(4) In section 18 of the Taxes Act 1988 (Schedule D) after subsection (5) insert—

“(6) This section is subject to Chapter 6 of Part 3 of the Finance Act 2004 (exemption from income tax for certain interest and royalty payments).”.

(5) In section 349 of the Taxes Act 1988 (certain payments to be made subject to deduction of income tax) after subsection (6) insert—

“(7) This section is subject to Chapter 6 of Part 3 of the Finance Act 2004 (exemption from income tax for certain interest and royalty payments).”.

**F9 106 Transitional provision**

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#### Textual Amendments

- F9** S. 106 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 639](#), [Sch. 3](#) (with [Sch. 2](#))

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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. 236ZA inserted by [S.I. 2024/357 art. 2\(2\)](#)