
STATUTORY INSTRUMENTS

2005 No. 2899

INCOME TAX

The Exemption From Income Tax For Certain Interest and Royalty Payments (Amendment to Section 97(1) of the Finance Act 2004 and Section 757(2) of the Income Tax (Trading and Other Income) Act 2005) Order 2005

Made - - - - *17th October 2005*
Laid before the House of
Commons - - - - *18th October 2005*
Coming into force - - *8th November 2005*

The Treasury, in exercise of the powers conferred upon them by section 97(3) and (4) of the Finance Act 2004⁽¹⁾ and section 767(1) and (2) of the Income Tax (Trading and Other Income) Act 2005⁽²⁾, make the following Order:

Citation, commencement and effect

1.—(1) This Order may be cited as the Exemption From Income Tax For Certain Interest and Royalty Payments (Amendment to Section 97(1) of the Finance Act 2004 and Section 757(2) of the Income Tax (Trading and Other Income) Act 2005) Order 2005 and comes into force on 8th November 2005.

(2) Article 2 has effect in relation to payments made on or after 1st May 2004.

Amendment to section 97(1) of the Finance Act 2004

2. In section 97(1) of the Finance Act 2004 after “member States” insert “, as amended by Council Directives [2004/66/EC](#)⁽³⁾ and [2004/76/EC](#)⁽⁴⁾”.

Amendment to section 757(2) of the Income Tax (Trading and Other Income) Act 2005

3. In section 757(2) of the Income Tax (Trading and Other Income) Act 2005 after “member States” insert “, as amended by Council Directives [2004/66/EC](#) and [2004/76/EC](#)”.

(1) [2004 c. 12](#).

(2) [2005 c. 5](#).

(3) OJ L168, 1.5.2004, p. 35.

(4) OJ L157, 30.4.2004, p. 106.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

17th October 2005

Dave Watts
Joan Ryan
Two of the Lords Commissioners of Her
Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the references in section 97(1) of the Finance Act 2004 (c. 12) and section 757(2) of the Income Tax (Trading and Other Income) Act 2005 (c. 5) to the Council Directive on a common system of taxation applicable to interest and royalty payments made between associated companies of different member States following the adoption of two Council Directives which amend that Directive.

The authority for the retrospective effect of article 2 is section 97(4) of the Finance Act 2004. The effect of article 2 is limited because section 97 of the Finance Act 2004 has been repealed and rewritten by the Income Tax (Trading and Other Income) Act 2005. Paragraph 3 of Schedule 2 to the Income Tax (Trading and Other Income) Act 2005 carries forward the effect of the amendment made under sections 97(3) and (4) of the Finance Act 2004 so that the amendment operates from 1st May 2004 onwards.

This Order does not impose new costs on business.