

**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**

<i>Made</i> - - - -	<i>17th October 2005</i>
<i>Laid before the House of Commons</i>	<i>18th October 2005</i>
<i>Coming into force</i> - -	<i>8th November 2005</i>

The Treasury, in exercise of the powers conferred upon them by section 97(3) and (4) of the Finance Act 2004(a) and section 767(1) and (2) of the Income Tax (Trading and Other Income) Act 2005(b), 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(c) and 2004/76/EC(d)”.

**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”.

*Dave Watts*  
*Joan Ryan*

17th October 2005

Two of the Lords Commissioners of Her Majesty’s Treasury

---

(a) 2004 c. 12.  
(b) 2005 c. 5.  
(c) OJ L168, 1.5.2004, p. 35.  
(d) OJ L157, 30.4.2004, p. 106.

## 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 The effect of article 2 is limited because section 97 of the Finance Act 2004 has been repealed and rewritten by the Income Tax (Trading and Other Income) Act 2005.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.

**£3.00**

© Crown copyright 2005

Printed and published in the UK by The Stationery Office Limited  
under the authority and superintendence of Carol Tullo, Controller of Her Majesty's  
Stationery Office and Queen's Printer of Acts of Parliament.

E1481 10/2005 151481T 19585