



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART IX

ANNUAL PAYMENTS AND INTEREST

Relief for payments of interest (excluding MIRAS)

357C ^{F1}**Substitution of security: supplemental.**

- (1) An arrangement is a security substitution arrangement for the purposes of section 357A if—
- under the arrangement the new estate, interest or property becomes security for an existing loan or existing loans,
 - under the arrangement an estate or interest in land, or the property in a caravan or house-boat, ceases to be security for the loan or loans,
 - the estate, interest or property mentioned in paragraph (b) above was not absorbed into, or given up to obtain, the new estate, interest or property,
 - the loan or (as the case may be) at least one of the loans is a qualifying loan, and
 - the circumstances are such that, had the loan or loans been used to defray money applied in purchasing the new estate, interest or property, interest on the loan or (as the case may be) on each of the loans would have been eligible for relief under section 353 [^{F2}by virtue of section 354] .
- (2) For the purposes of subsection (1) above a loan is a qualifying loan if, immediately before the arrangement took effect, interest on the loan was eligible for relief under section 353 [^{F3}by virtue of section 354] .
- (3) In a case where—
- paragraphs (a) to (d) of subsection (1) above apply in relation to an arrangement,
 - the arrangement relates to two or more loans, and

Status: Point in time view as at 01/05/1995. This version of this provision has been superseded.

Changes to legislation: Income and Corporation Taxes Act 1988, Section 357C is up to date with all changes known to be in force on or before 05 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)

- (c) one or more of the loans is not a qualifying loan for the purposes of subsection (1) above,
any loan which is not a qualifying loan shall be ignored in applying subsection (1) (e) above.
- (4) Where a security substitution arrangement relates to two or more loans and one or more of them is not a qualifying loan for the purposes of subsection (1) above, any loan which is not a qualifying loan—
- (a) shall be left out of account in determining for the purposes of section 357A the number of existing loans to which the arrangement relates;
 - (b) shall not be treated as mentioned in section 357A(3) or (5);
 - (c) shall be left out of account in calculating for the purposes of section 357A(5) the aggregate of the amounts of the loans outstanding at the time the new estate, interest or property became security for them.
- (5) Subsection (6) below applies where—
- (a) the purchase mentioned in subsection (1) of section 357A is made jointly by the person mentioned in that subsection (the relevant person) and another person or other persons, and
 - (b) any of the money applied in the purchase is attributable to the relevant person and not to the other person or, as the case may be, attributable to the relevant person and not to all the other persons.
- (6) In relation to the relevant person—
- (a) the references in sections 357A and 357B to the new estate, interest or property shall be treated as references to his share of the new estate, interest or property, and
 - (b) the references in sections 357A and 357B to the purchase price of the new estate, interest or property shall be treated as references to so much of the money applied in purchasing the estate, interest or property as is attributable to him.
- (7) In determining for the purposes of this section and sections 357A and 357B whether interest is, was or would have been eligible for relief under section 353, section 353(2) shall be disregarded.

Textual Amendments

- F1** Ss. 357A-357C inserted (27.7.1993) by 1993 c. 34, s.56
- F2** Words in s. 357C(1)(e) substituted (with effect in accordance with s. 42(3)-(5) of the amending Act) by Finance Act 1995 (c. 4), s. 42(2)(e)(i)
- F3** Words in s. 357C(2) substituted (with effect in accordance with s. 42(3)-(5) of the amending Act) by Finance Act 1995 (c. 4), s. 42(2)(e)(ii)

Status:

Point in time view as at 01/05/1995. This version of this provision has been superseded.

Changes to legislation:

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