

SCHEDULES

SCHEDULE 9

Section 81.

MORTGAGE INTEREST RELIEF ETC.

The Taxes Act 1988

- 1 For paragraph (o) of section 74 of the Taxes Act 1988 (deduction of relevant loan interest in computing profits and gains) there shall be substituted the following paragraph—
- “(o) any interest in so far as the payment of that interest is or would be, otherwise than by virtue of section 375(2), either—
- (i) a payment of interest to which section 369 applies, or
- (ii) a payment of interest to which that section would apply but for section 373(5);”.
- 2 In section 237(5)(b) of the Taxes Act 1988 (no deduction for interest from or against income consisting of bonus issues etc.), for “under section 353” there shall be substituted “in accordance with section 353(1B)”.
- 3 Subsections (4) and (5) of section 353 of the Taxes Act 1988 (restriction of relief to basic rate tax) shall cease to have effect.
- 4 In section 355(4) of the Taxes Act 1988 (relief where eligibility is by virtue only of section 355(1)(b))—
- (a) for the words from “where” to “but” there shall be substituted “falling within subsection (1)(b) above shall be given only against income from the letting of any land, caravan or house-boat (whether or not the land, caravan or house-boat in question), but”; and
- (b) for the words “the first-mentioned land, caravan or house-boat” there shall be substituted “the land, caravan or house-boat in question”.
- 5 In section 356(1) of the Taxes Act 1988 (job-related accommodation), for “Section 355(1)” there shall be substituted “Section 355(1)(a)”.
- 6 In section 356A(3) of the Taxes Act 1988 (“the sharer’s limit”) after “is”, in the second place where it occurs, there shall be inserted “or but for section 353(1C)(a) would be”.
- 7 (1) In sections 356D(1) and 357(1) of the Taxes Act 1988, for “eligible for relief under section 353 by virtue of section 355(1)(a) or 356(1)” there shall, in each case, be substituted “, in a case falling or treated as falling within section 355(1)(a), 356 or 358, eligible for relief under section 353 by virtue of section 354”.
- (2) In sections 357A(7) and 357B(1)(c) and (6) of that Act, for “by virtue of section 355(1)(a) or 356(1)” there shall, in each case, be substituted “and is such that the conditions for the case to fall, or be treated as falling, within section 355(1)(a), 356 or 358 are satisfied”.

Status: This is the original version (as it was originally enacted).

- (3) In section 357C(1)(e) of that Act, for “by virtue of section 355(1)(a) or 356(1)” there shall be substituted “and would have been such that the conditions for the case to fall, or be treated as falling, within section 355(1)(a), 356 or 358 were satisfied”.
- (4) In section 357C(2) of that Act, for “by virtue of section 355(1)(a) or 356(1)” there shall be substituted “and was such that the conditions for the case to fall, or be treated as falling, within section 355(1)(a), 356 or 358 were satisfied”.
- 8 In section 358 of the Taxes Act 1988 (relief where borrower deceased), after subsection (4) there shall be inserted the following subsection—
- “(4A) References in this Act to a case falling within this section shall not include references to a case falling within section 355(1)(b) where the interest paid by the personal representatives or trustees is eligible for relief under section 353 apart from the assumptions for which subsection (3) above provides.”
- 9 In section 368(1) of the Taxes Act 1988 (interest in respect of which relief given not allowable as deduction for any other purpose), for “for any other purpose of the Income Tax Acts” there shall be substituted “for any purpose of the Income Tax Acts except so far as it is so allowable in accordance with subsection (1B) of that section.”
- 10 (1) In subsection (2) of section 370 of the Taxes Act 1988 (conditions for interest to be treated as relevant loan interest)—
- (a) after “section 353(2)” there shall be inserted “and any other provision applying to interest falling to be treated as relevant loan interest”; and
- (b) for “from section 74(o) and, where applicable,” there shall be substituted “(where applicable) from”.
- (2) After subsection (6) of that section there shall be inserted the following subsection—
- “(6A) In disregarding section 353(2) for the purposes of subsection (2)(c) above, section 353(1C) and (1D) shall apply for determining whether or not the condition in section 355(1) or 356(1) is fulfilled as (but for section 353(2)) they would apply for the purpose of determining whether or not the case falls, or is treated as falling, within section 355(1)(a) or 356.”
- 11 In section 375(3) of the Taxes Act 1988 (liability of borrower for excess where deduction should not have been made), for the words from “entitles” to “been allowed” there shall be substituted “shall be taken as regards the borrower as entitling him to any deduction or to retain any amount deducted and, accordingly, where any amount that has been deducted exceeds the amount which ought to have been deducted”.
- The Finance Act 1993 (c. 34)*
- 12 Subsection (7) of section 57 of the Finance Act 1993 (transitional provision for bridging loans made before 6th April 1991) shall cease to have effect.