

*These notes refer to the Income Tax Act 2007 (c.3)
which received Royal Assent on 20 March 2007*

INCOME TAX ACT 2007

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 8: Other reliefs

Overview

Chapter 1: Interest payments

Overview

Section 401: Loan to invest in co-operative

1128. This section deals with conditions for relief for interest on a loan to invest in a co-operative. It is based on section 361(1) and 363(5) of ICTA.
1129. This section is the first of two dealing with this relief and deals with the conditions relating to the co-operative and ways of investing in it. Section 402 deals with the conditions that relate to circumstances at the time the interest is paid.
1130. *Subsection (2)* provides that the loan qualifies for relief if the proceeds are used in either buying shares in a co-operative or lending money to a co-operative or its subsidiary which is used for the business purposes of that body. As with section 392, relief is available for a loan replacing one that met the conditions in this section.
1131. The condition in section 361(2)(a) of ICTA that the loan only qualifies if it was made after 10 March 1981 has not been reproduced. So, if any loans made on or before that date still exist, the interest on them will now be eligible for relief. See *Change 71* in Annex 1.