



Income Tax Act 2007

2007 CHAPTER 3

PART 8

OTHER RELIEFS

[^{F1}CHAPTER 1A

IRRECOVERABLE PEER-TO-PEER LOANS

[^{F1}Supplementary provisions

Textual Amendments

F1 Pt. 8 Ch. 1A inserted (15.9.2016) by Finance Act 2016 (c. 24), s. 32(2)

412E Subsequent recovery of peer-to-peer loans

- (1) This section applies where—
 - (a) any amount of the principal of a loan has been deducted under this Chapter in calculating a person's net income for a tax year, and
 - (b) the person subsequently recovers that amount or any part of it.
- (2) The amount recovered is to be treated for the purposes of this Act as if it were interest on the loan paid to the person at the time it was recovered.
- (3) For the purposes of this section, a person is to be treated as recovering an amount if the person (or any other person at his or her direction) receives any money or money's worth—
 - (a) in satisfaction of the person's right to recover that amount, or
 - (b) in consideration of the person's assignment of the right to recover it;

Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Cross Heading: Supplementary provisions. (See end of Document for details)

and where a person assigns such a right otherwise than by way of a bargain made at arm's length the person shall be treated as receiving money or money's worth equal to the market value of the right at the time of the assignment.

412F Assigned loans treated as made by the assignee etc

- (1) This section applies where—
 - (a) a person (“A”) is assigned the right to recover the principal of a loan,
 - (b) the right is assigned through an operator (“O”),
 - (c) A makes a payment in consideration of the assignment, and
 - (d) A does not further assign the right.
- (2) The loan is to be treated for the purposes of section 412A(1) as—
 - (a) having been made by A, and
 - (b) having been made through O.
- (3) The amount (if any) of the principal of the loan which is treated as irrecoverable may not exceed the amount which is arrived at by—
 - (a) taking the amount of the payment mentioned in subsection (1)(c), and
 - (b) deducting any amount of the principal of the loan previously recovered by A.

412G Nominees etc

For the purposes of this Chapter—

- (a) a loan or a payment made by or to a nominee or bare trustee for a person is treated as made by or to that person, and
- (b) a right assigned by or to a nominee or bare trustee for a person is treated as assigned by or to that person.

412H Interaction with other reliefs

- (1) Subsection (2) applies in relation to a loan if any person has obtained income tax relief (other than under this Chapter) which is properly attributable to the loan.
- (2) The amount (if any) of the principal of the loan which is treated as irrecoverable may not exceed the amount which is arrived at by—
 - (a) taking the amount of the principal of the loan, and
 - (b) deducting the amount of the relief mentioned in subsection (1).]

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