



# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART IX

#### ANNUAL PAYMENTS AND INTEREST

##### *Relief for payments of interest (excluding MIRAS)*

#### **353 General provision.**

[<sup>F1</sup>(1) Where a person pays interest in any year of assessment, that person, if he makes a claim to the relief, shall for that year of assessment be entitled (subject to sections 354 to 368) to relief in accordance with this section in respect of so much (if any) of the amount of that interest as is eligible for relief under this section by virtue of sections 354 to 365.]

[<sup>F2</sup>(1A) Where a person is entitled for any year of assessment to relief under this section in respect of any amount of interest which—

(a) is eligible for that relief by virtue of section 354 or 365,<sup>F3</sup> . . .

(b) <sup>F3</sup> . . . . .

that relief shall consist in an income tax reduction for that year calculated by reference to that amount.

(1B) Where a person is entitled for any year of assessment to relief under this section in respect of any amount of interest which—

(a) is eligible for that relief otherwise than by virtue of section 354 or 365,<sup>F4</sup> . . .

(b) <sup>F4</sup> . . . . .

that relief shall consist (subject to [<sup>F5</sup>section 237(5)(b)]) in a deduction or set-off of that amount from or against that person's income for that year.

(1C) <sup>F6</sup> . . . . .

(1D) <sup>F6</sup> . . . . .

*Status: Point in time view as at 31/07/1997. This version of this provision has been superseded.*

*Changes to legislation: Income and Corporation Taxes Act 1988, Section 353 is up to date with all changes known to be in force on or before 03 September 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)*

(1E) Where any person is entitled for any year of assessment to relief under this section in respect of any amount of interest as is eligible for that relief partly as mentioned in subsection (1A) above and partly as mentioned in subsection (1B) above, that amount of interest shall be apportioned between the cases to which each of those subsections applies without regard to what parts of the total amount borrowed remain outstanding but according to <sup>F7</sup> . . . —

(a) the proportions of the total amount borrowed which were applied for different purposes; <sup>F7</sup> . . .

(b) <sup>F7</sup> . . . . .

and subsection (1A) or (1B) above shall apply accordingly in relation to the interest apportioned to the case to which that subsection applies.

(1F) Where any person is entitled under this section for any year of assessment to an income tax reduction calculated by reference to an amount of interest, the amount of that person’s liability for that year to income tax on his total income shall be the amount to which he would have been liable apart from this section less whichever is the smaller of—

(a) the amount equal to the applicable percentage of that amount of interest; and

(b) the amount which reduces his liability to nil.

(1G) In subsection (1F) above “the applicable percentage”—

<sup>F8</sup>(a) in relation to so much of any interest as is eligible for relief under this section by virtue of section 354, means 10 per cent; and]

(b) in relation to so much of any interest as is eligible for relief under this section by virtue of section 365, means the percentage which is the basic rate for the year of assessment in question.

<sup>F9</sup> . . . . .

(1H) In determining for the purposes of subsection (1F) above the amount of income tax to which a person would be liable apart from any income tax reduction under this section, no account shall be taken of—

(a) any income tax reduction under Chapter I of Part VII or section 347B;

(b) any relief by way of a reduction of liability to tax which is given in accordance with any arrangements having effect by virtue of section 788 or by way of a credit under section 790(1); or

(c) any tax at the basic rate on so much of that person’s income as is income the income tax on which he is entitled to charge against any other person or to deduct, retain or satisfy out of any payment.]

(2) <sup>M1</sup>This section does not apply to a payment of relevant loan interest to which section 369 applies.

(3) <sup>M2</sup>Relief under this section shall not be given in respect of—

(a) interest on a debt incurred by overdrawing an account or by debiting the account of any person as the holder of a credit card or under similar arrangements; or

(b) where interest is paid at a rate in excess of a reasonable commercial rate, so much of the interest as represents the excess.

(4) <sup>F10</sup> . . . . .

(5) <sup>F10</sup> . . . . .

*Status: Point in time view as at 31/07/1997. This version of this provision has been superseded.*

*Changes to legislation: Income and Corporation Taxes Act 1988, Section 353 is up to date with all changes known to be in force on or before 03 September 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)*

### Textual Amendments

- F1** S. 353(1) substituted (with effect in accordance with s. 81(6) of the amending Act) by Finance Act 1994 (c. 9), s. 81(1)
- F2** S. 353(1A)-(1H) inserted (with effect in accordance with s. 81(6) of the amending Act) by Finance Act 1994 (c. 9), s. 81(2)
- F3** S. 353(1A)(b) and preceding word repealed (with effect in accordance with s. 42(3)-(5) of the repealing Act) by Finance Act 1995 (c. 4), Sch. 29 Pt. 8(2), Note
- F4** S. 353(1B)(b) and preceding word repealed (with effect in accordance with s. 42(3)-(5) of the repealing Act) by Finance Act 1995 (c. 4), Sch. 29 Pt. 8(2), Note
- F5** Words in s. 353(1B) substituted (with effect in accordance with s. 42(3)-(5) of the amending Act) by Finance Act 1995 (c. 4), s. 42(2)(a)
- F6** S. 353(1C)(1D) repealed (with effect in accordance with s. 42(3)-(5) of the repealing Act) by Finance Act 1995 (c. 4), Sch. 29 Pt. 8(2), Note
- F7** S. 353(1E)(b) and preceding word repealed (with effect in accordance with s. 42(3)-(5) of the repealing Act) by Finance Act 1995 (c. 4), Sch. 29 Pt. 8(2), Note
- F8** S. 353(1G)(a) substituted (with effect in accordance with s. 15(3) of the amending Act) by Finance (No. 2) Act 1997 (c. 58), s. 15(1)
- F9** Words in s. 353(1G) repealed (with effect in accordance with Sch. 8 Pt. 2(1) Note of the repealing Act) by Finance (No. 2) Act 1997 (c. 58), Sch. 8 Pt. 2(1)
- F10** S. 353(4)(5) repealed (with effect in accordance with s. 81(6) of the repealing Act) by Finance Act 1994 (c. 9), Sch. 9 para. 3, Sch. 26 Pt. 5(2), Note

### Modifications etc. (not altering text)

- C1** See—1988 s.117—limited partners.1988 s.280—transfer of reliefs between spouses.1988(F) Sch.6 para.3(3)—disallowance of interest relief in respect of occupation of commercial woodlands.
- C2** S. 353 restricted (1.5.1995) by Finance Act 1995 (c. 4), s. 123, Sch. 22 para. 2

### Marginal Citations

- M1** Source-1986 s.26(1)
- M2** Source-1972 s.75(1A), (2); 1974 s.19(1)(b)

**Status:**

Point in time view as at 31/07/1997. This version of this provision has been superseded.

**Changes to legislation:**

Income and Corporation Taxes Act 1988, Section 353 is up to date with all changes known to be in force on or before 03 September 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.