



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 4

EMPLOYMENT INCOME: EXEMPTIONS

CHAPTER 7

EXEMPTIONS: REMOVAL BENEFITS AND EXPENSES

Benefits and expenses within this Chapter

284 Bridging loan expenses

- (1) Expenses are within this section if—
- (a) the employee has an interest in the former residence and disposes of it because of the change of residence,
 - (b) the employee acquires an interest in the new residence, and
 - (c) the expenses are interest payable by the employee in respect of a loan raised by the employee wholly or partly because expenditure is incurred in connection with that acquisition before the proceeds of that disposal become available.

This is subject to subsections (2) and (3).

- (2) Interest is only within this section if or to the extent that the loan is used—
- (a) for acquiring the employee's interest in the new residence, or
 - (b) for redeeming a loan—
 - (i) which was raised by the employee to obtain an interest in the former residence,
 - (ii) which is secured on such an interest, or

Status: Point in time view as at 06/04/2003.

Changes to legislation: Income Tax (Earnings and Pensions) Act 2003, Section 284 is up to date with all changes known to be in force on or before 15 June 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)

(iii) which was partly so raised and the rest of which is so secured.

- (3) If the loan exceeds the market value of the employee's interest in the former residence at the time of acquisition of the new residence, the interest on the excess is not within this section.
- (4) If subsection (3) applies in a case where the loan is used partly for purposes within subsection (2) and partly for other purposes, the amount of the interest within this section is the appropriate fraction of the total interest.
- (5) The appropriate fraction is—

$$\frac{MV}{L}$$

or, if it is smaller—

$$\frac{PL}{L}$$

where—

MV is the market value of the employee's interest in the former residence at the time of acquisition of the new residence,

PL is the part of the loan used for purposes within subsection (2), and

L is the amount of the loan.

- (6) In this section—
- (a) references to a loan raised by the employee include a loan raised by—
- (i) one or more members of the employee's family or household, or
 - (ii) the employee and one or more members of the employee's family or household, and
- (b) references to the employee having, disposing of or acquiring an interest in a residence include—
- (i) one or more members of the employee's family or household having, disposing of or acquiring such an interest, or
 - (ii) the employee and one or more members of the employee's family or household having, disposing of or acquiring such an interest.

Status:

Point in time view as at 06/04/2003.

Changes to legislation:

Income Tax (Earnings and Pensions) Act 2003, Section 284 is up to date with all changes known to be in force on or before 15 June 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.