



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 6

EXEMPT INCOME

CHAPTER 9

OTHER INCOME

Interest only income

749 Interest paid under repayment supplements

No liability to income tax arises in respect of interest paid under—

- (a) section 824 of ICTA (repayment supplements: individuals and others), or
- (b) section 283 of TCGA 1992 (repayment supplements).

[^{F1}749A Interest on tax overpaid

No liability to income tax arises in respect of interest paid under section 826 of ICTA (interest on tax overpaid).]

Textual Amendments

- F1** S. 749A inserted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 635](#) (with Sch. 2 Pts. 1, 2)

Status: Point in time view as at 17/07/2013.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Cross Heading: Interest only income. (See end of Document for details)

F2750 Interest from tax reserve certificates

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Textual Amendments

- F2** S. 750 repealed (with effect in accordance with Sch. 39 para. 53(3) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 39 para. 53\(1\)\(a\)](#)

751 Interest on damages for personal injury

- (1) No liability to income tax arises in respect of interest on damages for personal injury or death if—
- (a) it is included in a sum awarded by a court,
 - (b) it does not relate to the period between the making and satisfaction of the award, and
 - (c) in the case of an award by a court in a country outside the United Kingdom, it is exempt from any charge to tax in that place.
- (2) No liability to income tax arises in respect of interest if—
- (a) it is included in a payment in satisfaction of a cause of action (including a payment into court), and
 - (b) it would fall within subsection (1) if it were included in a sum awarded by a court in respect of a cause of action.
- (3) In subsection (1)—
- “damages” in Scotland includes solatium, and
- “personal injury” includes disease and impairment of physical or mental condition.

752 Interest under employees' share schemes

- (1) This section applies if—
- (a) a scheme is set up to comply with section [F3682(2)(b) of the Companies Act 2006 (c. 46)] (financial assistance for the purposes of an employees' share scheme), and
 - (b) under the scheme the trustees receive interest from a participant in the scheme.
- (2) So far as the scheme requires the trustees to pay to the company an equivalent amount as interest, no liability to income tax arises under Chapter 2 of Part 4 for the trustees in respect of the interest they receive.

Textual Amendments

- F3** Words in s. 752(1)(a) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments\) \(Taxes and National Insurance\) Order 2009 \(S.I. 2009/1890\)](#), arts. 1(1), 12

753 Interest on repayment of student loan

- (1) No liability to income tax arises in respect of interest if—

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- (a) it is paid to a person to whom a student loan has been made, and
 - (b) it relates to an amount repaid to the person after being recovered from the person in respect of the loan.
- (2) In this section “student loan” means a loan made under—
section 22 of the Teaching and Higher Education Act 1998 (c. 30),
section 73(f) of the Education (Scotland) Act 1980 (c. 44), or
Article 3 of the Education (Student Support) (Northern Ireland) Order 1998 (S.I. 1998/1760 (N.I. 14)).

[^{F4}753A Interest on unpaid relevant contributions

- (1) No liability to income tax arises in respect of interest paid in compliance with a requirement in a compliance notice or an unpaid contributions notice to pay interest in respect of unpaid relevant contributions.
- (2) In this section—
“compliance notice” means a notice under section 35 of the Pensions Act;
“the Pensions Act” means the Pensions Act 2008 or the Pensions (No.2) Act (Northern Ireland) 2008;
“unpaid contributions notice” means a notice under section 37 of the Pensions Act;
“unpaid relevant contributions” has the same meaning as in section 38(2) (a) of the Pensions Act.]

Textual Amendments

F4 S. 753A inserted (19.7.2011) by [Finance Act 2011 \(c. 11\)](#), s. 69(3)

754 Redemption of funding bonds

- (1) The redemption of funding bonds is not treated as the payment of interest on a debt for income tax purposes if their issue was treated under section 380 of this Act or [^{F5}section 413 of CTA 2009] as the payment of interest on the debt.
- (2) In this section “funding bonds” includes any bonds, stocks, shares, securities or certificates of indebtedness.

Textual Amendments

F5 Words in s. 754(1) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 636](#) (with [Sch. 2 Pts. 1, 2](#))

755 Interest on foreign currency securities etc. owned by non-UK residents

- (1) This section applies to interest on—
(a) such foreign currency securities issued by a local authority or a statutory corporation as the Treasury direct, and
(b) such foreign currency loans made to a statutory corporation as the Treasury direct.

Status: Point in time view as at 17/07/2013.

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- (2) No liability to income tax arises in respect of interest to which this section applies if—
- (a) in the case of interest on a security, its beneficial owner is a non-UK resident, and
 - (b) in the case of interest on a loan, the person for the time being entitled to repayment or eventual repayment is a non-UK resident.
- (3) But interest is not exempt under subsection (2) because a person is a non-UK resident if it is treated as another person's income under—
- Chapter 5 of Part 5 (settlements: amounts treated as income of settlor), or
- [^{F6}Chapter 2 of Part 13 of ITA 2007] (anti-avoidance provisions: transfer of assets abroad).
- (4) In this section—
- “company” means a company, as defined in section [^{F7}1(1)] of the Companies Act [^{F8}2006 (c. 46)]^{F9}...,
- “foreign currency”, in relation to loans and securities, has the meaning given by section 756, and
- “statutory corporation” means—
- (a) a corporation incorporated by an Act (other than a company), or
 - (b) any other corporation on which functions connected with carrying on an undertaking are conferred by an Act or by an order made under or confirmed by an Act.

Textual Amendments

- F6** Words in s. 755(3) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), ss. 1027, 1034, [Sch. 1 para. 574](#) (with transitional provisions and savings in Sch. 2)
- F7** Word in s. 755(4) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments\) \(Taxes and National Insurance\) Order 2009 \(S.I. 2009/1890\)](#), arts. 1(1), [3\(6\)](#)
- F8** Words in s. 755(4) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments\) \(Taxes and National Insurance\) Order 2009 \(S.I. 2009/1890\)](#), arts. 1(1), [3\(6\)](#)
- F9** Words in s. 755(4) omitted (1.10.2009) by virtue of [The Companies Act 2006 \(Consequential Amendments\) \(Taxes and National Insurance\) Order 2009 \(S.I. 2009/1890\)](#), arts. 1(1), [3\(6\)](#)

756 Which securities and loans are foreign currency ones for section 755

- (1) For the purposes of section 755, a security or loan is a foreign currency one if under its terms the currency to be used for repayment is not sterling.
- (2) Subsection (1) is subject to the following qualifications.
- (3) A security issued before 6th April 1982 is a foreign currency one if under its terms the currency to be used for repayment is not that of a country specified in Schedule 1 to the Exchange Control Act 1947 (c. 14) at the time of the issue of the security.
- (4) A loan made before that date is a foreign currency one if under its terms the currency to be used for repayment is not that of a country specified in that Schedule at the time the loan was made.

Status: Point in time view as at 17/07/2013.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Cross Heading: Interest only income. (See end of Document for details)

- (5) If in the case of a security there is an option as to the currency to be used for repayment, the security is only to be treated as a foreign currency one if the option is exercisable only by its holder.
- (6) If in the case of a loan there is an option as to the currency to be used for repayment, the loan is only to be treated as a foreign currency one if the option is exercisable only by the person for the time being entitled to repayment or eventual repayment.

[^{F10}756A Interest on certain deposits of victims of National-Socialist persecution

- (1) No liability to income tax arises in respect of interest which is paid—
 - (a) to or in respect of a victim of National-Socialist persecution,
 - (b) under a qualifying compensation scheme, and
 - (c) for a qualifying purpose in respect of a qualifying deposit of the victim.
- (2) A scheme is a qualifying compensation scheme if—
 - (a) it is constituted (whether under the law of any part of the United Kingdom or elsewhere) by an instrument in writing, and
 - (b) the purpose of the scheme, or one of its purposes, is to make payments of interest to or in respect of victims of National-Socialist persecution for qualifying purposes in respect of qualifying deposits.
- (3) Interest is paid for a qualifying purpose in respect of a deposit if—
 - (a) it is paid for meeting a liability in respect of interest on the deposit, or
 - (b) it is paid for compensating for the effects of inflation on the deposit.
- (4) In relation to a victim of National-Socialist persecution, a deposit is a qualifying deposit if it was made—
 - (a) by, or on behalf of, the victim, and
 - (b) on or before 5th June 1945.
- (5) In this section “deposit” has the [^{F11}same meaning as in Chapter 19 of Part 15 of ITA 2007 (see section 983 of that Act)]

Textual Amendments

- F10** S. 756A inserted (with effect as mentioned in s. 64(7) of the amending Act) by [Finance Act 2006 \(c. 25\), s. 64\(2\)](#) (with s. 64(9)-(12))
- F11** Words in s. 756A(5) substituted (6.4.2007 with effect as stated in s. 1034(1) of the amending Act) by [Income Tax Act 2007 \(c. 3\), ss. 1027, 1034, Sch. 1 para. 575](#) (with transitional provisions and savings in Sch. 2)

Status:

Point in time view as at 17/07/2013.

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Cross Heading: Interest only income.