

SCHEDULES

SCHEDULE 5

DEDUCTION OF INCOME TAX AT SOURCE

PART 2

INTEREST ON PEER-TO-PEER LENDING

- 3 In Chapter 3 of Part 15 of ITA 2007 (deduction of tax from certain payments of yearly interest), after section 888D (inserted by this Schedule) insert—

“888E Interest on certain peer-to-peer lending

- (1) The duty to deduct a sum representing income tax under section 874 does not apply to a payment of interest on an amount of peer-to-peer lending.
- (2) In subsection (1) “peer-to-peer lending” means credit in relation to which the condition in subsection (4) is met.
- (3) In this section—
 - “original borrower”, in relation to any credit, means the person to whom the credit is originally provided,
 - “credit” includes a cash loan and any other form of financial accommodation, and
 - “original lender”, in relation to any credit, means the person who originally provides the credit.
- (4) The condition is that—
 - (a) the original borrower and the original lender enter the agreement under which the credit is provided at the invitation of a person (“the operator”),
 - (b) the operator makes the invitation in the course of, or in connection with, operating an electronic system,
 - (c) the operator’s operation of the electronic system is an activity specified in article 36H(1) or (2D) of the Order (operating an electronic system in relation to lending), and
 - (d) the operator has permission under Part 4A of FISMA 2000 to carry on that activity.
- (5) For the purposes of subsection (4), it does not matter if the agreement mentioned in subsection (4)(a) is not an article 36H agreement (as defined in article 36H of the Order).
- (6) The Commissioners for Her Majesty’s Revenue and Customs may by regulations make such amendments of the preceding provisions of this section as they consider appropriate in consequence of—

Status: This is the original version (as it was originally enacted).

- (a) the Order, or any part of it, being replaced (or further replaced) by provision in another instrument, or
 - (b) any amendment of the Order or any such other instrument.
- (7) In this section “the Order” means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 ([S.I. 2001/544](#)).