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STATUTORY INSTRUMENTS

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**1995 No. 1213**

**INCOME TAX**

**The Income Tax (Interest Relief)  
(Amendment) Regulations 1995**

<i>Made</i>	- - - -	<i>2nd May 1995</i>
<i>Laid before the House of Commons</i>	- - - -	<i>3rd May 1995</i>
<i>Coming into force</i>	- -	<i>4th May 1995</i>

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by sections 375(8A) and 378(3) of the Income and Corporation Taxes Act 1988(1), hereby make the following Regulations:

**Citation, commencement and effect**

1.—(1) These Regulations may be cited as the Income Tax (Interest Relief) (Amendment) Regulations 1995 and shall come into force on 4th May 1995.

(2) The amendments to the principal Regulations made by regulations 4 and 5 of these Regulations shall have effect with respect to—

- (a) deductions by qualifying borrowers as mentioned in section 369(1) of the Income and Corporation Taxes Act 1988(2), and
- (b) payments by the Board pursuant to section 375(8) of that Act and regulation 8A of the principal Regulations,

made on or after the date of coming into force of these Regulations.

**Interpretation**

2. In these Regulations “the principal Regulations” means the Income Tax (Interest Relief) Regulations 1982(3).

**Amendments to the principal Regulations**

3. Regulation 3(2) of the principal Regulations shall be omitted.

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(1) 1988 c. 1; section 375(8A) was inserted by section 112(4) of the Finance Act 1995 (c. 4).  
(2) Section 369(1) was amended by section 81(3) of the Finance Act 1994 (c. 9).  
(3) S.I. 1982/1236, amended by S.I. 1983/311 and 1985/1252.

4. After regulation 8A of the principal Regulations(4) there shall be inserted—

“**8B.**—(1) This regulation applies in any case where an amount to which a borrower is not entitled is paid to him by the Board pursuant to a claim under regulation 8A.

(2) An officer of the Board may make such assessments as may in his judgment be required for recovering that amount from the borrower.

(3) The Taxes Management Act 1970(5) shall apply to an assessment under paragraph (2) as if it were an assessment to income tax for the year of assessment for which the payment was made and as if—

- (a) the assessment were among those specified in section 55(1) of that Act (recovery of tax not postponed)(6);
- (b) the assessment were made for the purpose of making good to the Crown a loss of tax wholly attributable to such a failure or error as is mentioned in section 88(1) of that Act (interest on tax recovered to make good loss due to taxpayer’s fault)(7); and
- (c) for the purposes of section 88 of that Act the date when the tax ought to have been paid were the 1st December following the year of assessment.

(4) If in a case to which paragraph (1) applies, the borrower fraudulently or negligently makes any false statement or representation in connection with the making of a claim under regulation 8A, he shall be liable to a penalty not exceeding the amount referred to in that paragraph.

(5) If in a case to which paragraph (1) applies, the borrower is required to give notice under subsection (1) of section 375 of the Income and Corporation Taxes Act 1988(8), and there is any unreasonable delay in the giving of the notice, he shall be liable to a penalty not exceeding so much of the amount referred to in that paragraph as is attributable to that delay.”

5. In regulation 19 of the principal Regulations(9)—

- (a) in paragraph (4) the word “assessments,” shall be omitted;
- (b) paragraphs (5) and (6) shall be omitted.

S. C. T. Matheson  
C. W. Corlett

2nd May 1995

Two of the Commissioners of Inland Revenue

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(4) Regulation 8A was inserted by S.I. 1983/311.

(5) 1970 c. 9.

(6) Section 55(1) was substituted by section 45(1) of the Finance (No. 2) Act 1975 (c. 45) and the subsection as substituted was amended by paragraphs 8(1) and 32 of Schedule 29 to the Income and Corporation Taxes Act 1988 and prospectively substituted by paragraph 18 of Schedule 19 to the Finance Act 1994.

(7) Section 8(1) was amended by sections 159(2), 160(1) and 179(1)(b)(i) of the Finance Act 1989 (c. 26).

(8) Section 375 was amended by paragraph 11 of Schedule 9 to the Finance Act 1994 and section 112(2) to (4) of the Finance Act 1995.

(9) Regulation 19 was amended by S.I. 1983/311.

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations make various amendments to the Income Tax (Interest Relief) Regulations 1982 (S.I.1982/1236) (“the principal MIRAS Regulations”) in connection with the administration of the mortgage interest relief at source (MIRAS) scheme. The amendments made by regulations 4 and 5 are in consequence of provisions contained in section 112 of the Finance Act 1995 (c. 4) relating to the recovery of certain amounts deducted by borrowers, or paid by the Board of Inland Revenue (“the Board”), under the MIRAS scheme.

Regulation 1 provides for citation, commencement and effect, and regulation 2 contains a definition.

Regulation 3 omits regulation 3(2) of the principal Regulations, thereby abolishing the requirement for a lender to send to the Board a copy of the statutory notice received from a borrower certifying that he meets the required conditions for the operation of MIRAS in connection with loan interest.

Regulation 4 inserts a new regulation 8B in the principal Regulations which enables the Board to recover by way of assessment amounts paid in certain circumstances to a borrower under the MIRAS scheme to which he is not entitled. The regulation also enables the Board in such cases to impose penalties for any false statement made fraudulently or negligently by the borrower in connection with the payment of such amounts, or for unreasonable delay on the part of the borrower in notifying the Board that interest on a loan has ceased to qualify for MIRAS.

Regulation 5 makes necessary amendments to regulation 19 of the principal Regulations as a result of the insertion by section 112 of the Finance Act 1995 of a new provision (section 374A) in the Income and Corporation Taxes Act 1988 which enables the Board to recover amounts deducted under the MIRAS scheme that should not have been deducted.