
1 Repeal of provisions relating to the Interest and Royalties Directive

- (1) The following provisions are repealed –
 - (a) sections 757 to 767 of ITTOIA 2005 (exemption from income tax for certain interest and royalty payments) and the italic heading before those sections, and
 - (b) sections 914 to 917 of ITA 2007 (discretion to make royalty payments gross) and the italic heading before those sections;and the remainder of this section makes amendments consequential on the repeal of those provisions.
- (2) In section 98 of TMA 1970 (special returns, etc) –
 - (a) in subsection (4A)(b) omit “, (4DA)”, and
 - (b) omit subsection (4DA).
- (3) In paragraph 3 of Schedule 18 to FA 1998 (company tax return), in subparagraph (5) for “, 912, 914 and 915” substitute “and 912”.
- (4) In ITTOIA 2005 –
 - (a) in section 369 (charge to tax on interest), in subsection (3) omit paragraph (f) (and the “and” before it),
 - (b) in section 578 (contents of chapter), in subsection (2) –
 - (i) for “exemptions” substitute “an exemption”,
 - (ii) for “sections” substitute “section”,
 - (iii) omit “and 758 (certain interest and royalty payments)”, and
 - (c) in section 683 (charge to tax on payments not otherwise charged), in subsection (4) omit paragraph (h).
- (5) In section 100 of FA 2015 (diverted profits tax: credits for tax on the same profits) –
 - (a) in subsection (4C)(c) for “relevant provision” substitute “double taxation arrangements (as defined by section 2(4) of TIOPA 2010)”, and
 - (b) omit subsection (4E).
- (6) In section 42(9) of FA 2016 (section 758 of ITTOIA 2005 not to apply to certain royalty payments) –
 - (a) in paragraph (b), at the end insert “under arrangements (within the meaning of section 917A of ITA 2007) entered into before that day”,
 - (b) omit paragraph (c) (but not the “and” at the end of it), and
 - (c) for the words after paragraph (d) substitute “the arrangements are to be regarded as DTA tax avoidance arrangements for the purposes of section 917A of ITA 2007”.
- (7) In consequence of the repeal of section 762 of ITTOIA 2005 made by subsection (1), the Exemption From Tax For Certain Interest Payments Regulations 2004 (S.I. 2004/2622) are revoked (and, accordingly, exemption notices issued in accordance with those regulations are cancelled).
- (8) The amendments made by this section have effect in relation to –
 - (a) payments made on or after 1 June 2021, and
 - (b) payments made in disqualifying circumstances on or after 3 March 2021 but before 1 June 2021.
- (9) A payment is made in “disqualifying circumstances” if it is made directly or indirectly in consequence of, or otherwise in connection with, any

arrangements the main purpose, or one of the main purposes, of which is to secure that the provisions mentioned in subsection (1)(a) or (b) continue to have effect in relation to it.

- (10) For this purpose “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).