

Explanatory Note

Clause 24: Relief for finance costs related to residential property businesses

Summary

1. The amendment to clause 24 clarifies that relief for interest on a loan to invest in a partnership is restricted where the partnership uses that investment for carrying on a UK or overseas property business that consists of residential property.

Details of the amendments

2. Amendment 8 inserts new subsection (11) into new section 399A of the Income Tax Act (ITA) 2007.
3. New subsection (11) clarifies that "property business" in this section means a UK property business or an overseas property business. Those terms are defined in ITA 2007 by reference to Part 3 of the Income Tax (Trading and Other Income) Act 2005.

Background note

4. Summer Budget 2015 announced that the relief on finance costs that landlords of residential property can get would be restricted to the basic rate of income tax.
5. This amendment to clause 24 will ensure that the scope of the new provisions is clear.