

Charge to tax on sums applied outside the State in repaying certain loans. FA71 s4(1) to (4) and (6); FA97 s15 72.—(1) For the purposes of this section—

(a) a debt for money loaned shall, to the extent to which that money is applied in or towards satisfying another debt, be deemed to be a debt incurred for satisfying that other debt, and a debt incurred for satisfying in whole or in part a debt within subsection (2)(c) shall itself be treated as within that subsection, and

(b) “lender”, in relation to any money loaned, includes any person for the time being entitled to repayment.

(2) For the purposes of section 71 (3), any income arising from securities and possessions in any place outside the State which is applied outside the State by a person ordinarily resident in the State in or towards satisfaction of—

(a) any debt for money loaned to such person in the State or for interest on money so loaned,

(b) any debt for money loaned to such person outside the State and received in or brought to the State,
or

(c) any debt incurred for satisfying in whole or in part a debt within paragraph (a) or (b),

shall be treated as received by such person in the State and as so received from remittances payable in the State.

(3) Where a person ordinarily resident in the State receives in or brings to the State money loaned to such person outside the State, but the debt for that money is wholly or partly satisfied before such person does so, subsection (2) shall apply as if the money had been received in or brought to the State before the debt was so satisfied, except that any sums treated by virtue of that subsection as received in the State shall be treated as so received at the time when the money so loaned is actually received in or brought to the State.

(4) Where a person is indebted for money loaned to him or her, income applied by the person in such a way that the money or property representing the income is held by the lender on behalf of or to the account of the person in such circumstances as to be available to the lender for the purpose of satisfying or reducing the debt by set-off or otherwise shall be treated as applied by the person in or towards its satisfaction if, under any arrangement between the person and the lender, the amount for the time being of the person's indebtedness to the lender, or the time at which it is to be repaid in whole or in part, depends in any respect directly or indirectly on the amount or value so held by the lender.

(5) In relation to income applied in or towards satisfaction of a debt for money loaned on or after the 20th day of February, 1997, or a debt incurred for satisfying in whole or in part any such debt, this section shall apply as if the references to ordinarily resident in the State in subsections (2) and (3) were

references to resident or ordinarily resident in the State.