

Persons entitled to exemption. ITA67 s369(1); CTA76 s140(1) and Sch 2 Pt1 par18 750.—Where the first buyer is entitled under any enactment to an exemption from tax which apart from this section would extend to the interest, then, subject to this section, the exemption shall not extend to an amount equal to the appropriate amount in respect of the interest determined in accordance with Schedule 21; but, if the first buyer is so entitled and any annual payment is payable by the first buyer out of the interest, the annual payment shall be deemed as to the whole of that payment—

(a) to be paid out of profits or gains not brought into charge to tax, and section 238 shall apply accordingly, and

(b) for the purposes of corporation tax, not to be a payment which is a charge on income.