

Arrangements for payment of interest less tax or of fixed net amount. FA74 s39 255.—(1) Any agreement made, whether orally or in writing, for the payment of interest “less tax”, or using words to that effect, shall be construed, in relation to interest payable without deduction of tax, as if the words “less tax” or the equivalent words were not included.

(2) In relation to interest on which the recipient is chargeable to tax under Schedule D and which is payable without deduction of tax, any agreement, whether orally or in writing and however worded, for the payment of interest at such a rate (in this subsection referred to as “the gross rate”) as shall, after deduction of tax at the standard rate of tax for the time being in force, be equal to a stated rate, shall be construed as if it were an agreement requiring the payment of interest at the gross rate.