

Effect on interest of reliefs given by discharge or repayment. ITA67 s551(1) and (2) (a); CTA76 s147(1) and (2) 1081.—(1) Subject, in the case of income tax, to subsection (2)—

(a) where relief from income tax or corporation tax charged by any assessment referred to in section 1080 (1) is given to any person by a discharge of any of that tax, such adjustment shall be made of the amount payable under that section in relation to the assessment, and such repayment shall be made of any amounts previously paid under that section in relation to the assessment, as are necessary to secure that the total sum, if any, paid or payable under that section in relation to the assessment is the same as it would have been if the tax discharged had never been charged, and

(b) where relief from income tax paid for any year of assessment, or corporation tax paid for any accounting period, is given to any person by repayment, that person shall be entitled to require that the amount repaid shall be treated for the purposes of this subsection to the extent possible as if it were a discharge of the tax charged on that person (whether alone or together with other persons) by any assessment for the same year or, as the case may be, the same accounting period; but the relief shall not be applied to any assessment made after the relief was given and shall not be applied to more than one assessment so as to reduce without extinguishing the amount of tax charged thereby.

(2) No relief, whether by means of discharge or repayment, shall be treated as affecting tax charged by an assessment to income tax unless it is a relief from income tax.