

Relief for certain bridging loans. FA74 s32; FA97 s146(1) and Sch9 Ptl par8(1) 245.—(1) Where a person—

(a) disposes of such person's only or main residence and acquires another residence for use as such person's only or main residence,

(b) obtains a loan, the proceeds of which are used to defray in whole or in part the cost of the acquisition or the disposal or both, and

(c) pays interest on the loan (and on any subsequent loan the proceeds of which are used to repay in whole or in part the first-mentioned loan or any such subsequent loan or to pay interest on any such loan) in respect of the period of 12 months from the date of the making of the first-mentioned loan,

such person shall be entitled on proof of those facts to a reduction in tax under section 244 on the amount of that interest as if no other interest had been paid by such person in respect of the period of 12 months from the date of the making of the first-mentioned loan.

(2) Subsection (1) shall not apply to a loan the proceeds of which are applied for some other purpose before being applied for the purpose specified in that subsection.