



INCOME TAX ACT 1970

INCOME TAX (DEDUCTIONS) (PRESCRIBED CASES) (AMENDMENT) ORDER 2011

*Approved by Tynwald
Coming into operation*

*15 February 2011
18 February 2011*

The Treasury makes this Order under section 31A of the Income Tax Act 1970¹.

1 Title

This Order is the Income Tax (Deductions) (Prescribed Cases) (Amendment) Order 2011.

2 Commencement

If approved by Tynwald², this Order shall come into operation on 18 February 2011 and shall have effect in respect of the income tax year commencing 6 April 2011 and subsequent years.

3 Amendment of Government Circular 374/89

(1) The Income Tax (Deductions) (Prescribed Cases) Order 1989³ is amended as follows.

(2) For article 2(13), substitute –

“(13) With effect from 6 April 2011 the maximum deduction that an individual will be allowed under this article will be £7,500.”.

(3) After article 5(5), insert –

¹ XXI p. 260

² As required by section 31A(2)(b) of the Income Tax Act 1970

³ GC 374/89 as amended by SD 139/07 and SD 20/10. GC 374/89 has also been amended by other statutory documents but those amendments do not affect this Order.

“(6) A covenanted educational payment shall not be allowed as a deduction under this article if –

- (a) the payment is made under a covenant which is entered into on or after 6 April 2011; or
- (b) the first payment under the covenant is made in respect of a course of higher education which commences on or after 6 April 2011.”.

4 Revocation

The Income Tax (Deductions) (Prescribed Cases) (Amendment) Order 2010⁴ is revoked.

MADE

26 January 2011

Ame Crane

Minister for the Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Income Tax (Deductions) (Prescribed Cases) Order 1989 by reducing the maximum deduction allowable for the payment of loan interest from £10,000 per individual to £7,500.

It also amends the Income Tax (Deductions) (Prescribed Cases) Order 1989 by restricting relief for covenanted educational payments to those payments made under covenants entered into prior to 6 April 2011 and to any payments made for a course of higher education which commenced prior to that date.

In addition, the Order revokes the Income Tax (Deductions) (Prescribed Cases) (Amendment) Order 2010.

⁴ SD 20/10