



## 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 1970<sup>1</sup>.

#### **1 Title**

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

#### **2 Commencement**

If approved by Tynwald<sup>2</sup>, 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 1989<sup>3</sup> 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 –

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<sup>1</sup> XXI p. 260

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

<sup>3</sup> 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 2010<sup>4</sup> is revoked.

MADE

26 January 2011

*Amie Crane*

Minister for the Treasury

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#### 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.

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<sup>4</sup> SD 20/10