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**HOME PURCHASE (SPECIAL DEDUCTION) RULES 2004**

**Subsidiary  
2004/005**

Regulations made under s. 37A.

**HOME PURCHASE (SPECIAL DEDUCTION)  
RULES 2004**

**(LN. 2004/005)**

**1.7.2003**

Amending enactments	Relevant current provisions	Commencement date
LN. 2008/068 r. 4		1.7.2007

**2010-21**

**Income Tax**

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**Title and commencement.**

**Subsidiary  
2004/005**

1.(1) These Rules may be cited as the Home Purchase (Special Deduction) Rules 2004.

(2) These Rules shall be deemed to have come into effect on 1 July 2003.

**Application of Rules.**

2. These Rules shall apply to any individual entitled to a deduction under rule 2 of the Home Purchase (Deductions) Rules 1989 as amended from time to time.

**Special deduction.**

3.(1) Subject to sub-rule (2), an individual to whom these Rules apply shall be entitled to claim a deduction from the amount of his assessable income of £4000 and such claim shall not exceed £1000 in respect of any year of assessment.

(2) A deduction under this rule—

- (a) shall only be allowed in respect of any payment or payments made on or after 1 July 1988 towards the purchase or construction of the dwelling;
- (b) shall not be allowed more than once nor be granted in respect of more than one dwelling;
- (c) where an individual is married at the time he claims the deduction from the assessable income of his own, or of his spouse, or of both in the proportion of 50% each, that individual or his spouse shall not be allowed to make any further separate claim;
- (d) paragraph (c) of this sub-rule shall not apply to a spouse where that spouse can show to the satisfaction of the Commissioner that she was not married to the individual at the time he made his claim;
- (e) where it is shown to the satisfaction of the Commissioner that two or more individuals are entitled to a deduction separately in respect of the same dwelling, the Commissioner shall only allow each such individual a reduced deduction, the amount of which shall be reckoned by reference to the individual's interest in that dwelling and such individual shall not be allowed to make any further separate claim;

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- (f) shall not apply where an individual was not allowed in any one or more years of assessment prior to 1 July 2001 to claim a deduction or deductions amounting in aggregate to £10,000 from his assessable income, or that of his spouse, under rule 2 of the Home Purchase (Deductions) Rules 1989;
- (g) shall not apply where an individual is not allowed in any one or more years of assessment to claim a deduction or deductions amounting in aggregate to £11,500 from his assessable income, or that of his spouse, under rule 2 of the Home Purchase (Deductions) Rules 1989.

**Restrictions on entitlement to special deduction in relation to elections made for Gross Income Based System.**

4.(1) An individual who elects to be chargeable under the Gross Income Based System for the purposes of rule 3A of the Rates of Tax Rules, shall not be entitled to the deduction specified in rule 3.

(2) An individual who has a spouse that has elected to be chargeable under the Gross Income Based System for the purposes of rule 3A of the Rates of Tax Rules, shall not be entitled to claim the deduction specified in rule 3.

(3) Where the individual would (but for subrule (2)) be entitled for the year of assessment commencing 1 July 2007 and for any subsequent year of assessment—

- (a) to claim the deduction under rule (3); and
- (b) either—
  - (i) the individual had claimed on the appropriate form prescribed by the Commissioner the deduction specified in rule (3) and such claim had been made and submitted to the Commissioner on or before 30 June 2007 in respect of the year of assessment commencing 1 July 2006; or
  - (ii) the spouse had claimed on behalf of the individual on the appropriate form prescribed by the Commissioner the deduction specified in rule (3) and such claim had been made and submitted to the Commissioner on or before 30 June 2007 in respect of the year of assessment commencing 1 July 2006,

then the individual in relation to the year of assessment commencing 1 July 2007 and for any subsequent year of assessment shall be entitled to claim

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only the deduction that individual had claimed in the case of paragraph (b)(i) or (b)(ii).

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(4) Where the individual would (but for subrule (2)) be entitled for the year of assessment commencing 1 July 2007 and for any subsequent year of assessment—

- (a) to claim the deduction under rule 3; and
- (b) the individual and his spouse have not claimed the deduction mentioned in rule 3 in the manner described in paragraphs (b)(i) or (ii),

then the individual in relation to the year of assessment commencing 1 July 2007 and any subsequent year of assessment shall be entitled to claim from his assessable income an amount not exceeding one-half of the deduction that would be allowable under these rules (but for subrule (2)) on his assessable income.