



INTEREST” FOR NRWT PURPOSES

1. For the purpose of determining “interest” that is non-resident passive income, interest takes its ordinary meaning. It is:
 - (a) A payment made to a person by another person for *money lent* to any person, whether or not the payment is periodical and however it is described or calculated.
 - (b) A *redemption payment*.
2. Interest does not include a repayment of money lent.
3. The financial arrangements rules do not apply to the calculation of an amount of non-resident passive income. Therefore, interest that arises only under the financial arrangements rules is not interest for NRWT purposes.

[Section YA 1 definition of “interest” and section RF 2(7)]

4. Money lent means:
 - (a) An amount of money that a person lends in some way, including by depositing it in an account, whether or not the lending is secured or evidenced in writing.
 - (b) An amount of credit that a person gives, including by not enforcing a debt, whether or not the giving is secured or evidenced in writing.
 - (c) An amount of money that a person lends, or credit that a person gives, under an obligation or arrangement, whether or not secured or evidenced in writing.
 - (d) An amount of money that goes from a person (**Person A**) to another person (**Person B**) in consideration for Person B’s promise to pay Person A an amount of money, and the amount Person B promises to repay is more than the amount given to Person B by Person A. For the purposes of this paragraph:
 - (i) Money goes from Person A when it is paid to Person B.
 - (ii) Person B’s promise is not required to be secured or evidenced in writing.
 - (iii) Person B includes any other person with whom Person B is associated.

[Section YA 1 definition of “money lent”]

5. A redemption payment means the amount by which a payment made on the redemption of a *commercial bill* by the person who issued it is more than the money lent to the person. “Issue” in this definition has the meaning given to it by section 2 of the *Bills Of Exchange Act 1908*.

[Section YA 1 definition of “redemption payment”]

6. A commercial bill includes:

- (a) A document creating or securing a legal or equitable security over goods, as defined in section 16 of the *Personal Property Securities Act 1999*, for the payment of money owing or to become owing, whether or not the document is registered under an Act.
- (b) A bill of exchange as defined in section 3 of the *Bills Of Exchange Act 1908*.
- (c) A promissory note, as defined in section 84 of the *Bills Of Exchange Act 1908*, other than a banknote.
- (d) A treasury bill.
- (e) A document or agreement that has substantially the same purpose or effect as any of the items referred to above.
- (f) A share or interest in any of the items referred to above.

7. A commercial bill does not include:

- (a) A debenture or bond for the payment of a security issued by a body corporate.
 - (b) A security, whether legal or equitable, over an estate or interest in land.
- [Section YA 1 definition of “commercial bill”]