



# Corporation Tax Act 2009

## 2009 CHAPTER 4

### PART 6

#### RELATIONSHIPS TREATED AS LOAN RELATIONSHIPS ETC

### CHAPTER 6

#### ALTERNATIVE FINANCE ARRANGEMENTS

##### *Treatment for other tax purposes*

#### **514 Exclusion of alternative finance return from consideration for sale of assets**

- (1) If under purchase and resale arrangements an asset is sold by one party to the arrangements to the other party, the alternative finance return is excluded in determining the consideration for the sale and purchase of the asset for the purposes of the Corporation Tax Acts (apart from section 503).
- (2) If under diminishing shared ownership arrangements an asset is sold by one party to the arrangements to the other party, the alternative finance return is excluded in determining the consideration for the sale and purchase of the asset for the purposes of the Corporation Tax Acts (apart from section 504).
- (3) If under investment bond arrangements an asset is sold by one party to the arrangements to the other party, the alternative finance return is excluded in determining the consideration for the sale and purchase of the asset for the purposes of the Corporation Tax Acts (apart from section 507).
- (4) Subsections (1) to (3) do not affect the operation of any provision of the [F<sup>1</sup>Tax Acts or TCGA 1992] which provides that the consideration for a sale or purchase is taken for any purpose to be an amount other than the actual consideration.

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### Textual Amendments

- F1** Words in s. 514(4) substituted (1.4.2009 retrospective) by [Corporation Tax Act 2009 \(Amendment\) Order 2009 \(S.I. 2009/2860\)](#), arts. 1(2), **6(3)**

## 515 Diminishing shared ownership arrangements not partnerships

Diminishing shared ownership arrangements are not treated as a partnership for the purposes of the Corporation Tax Acts.

## 516 Treatment of principal under profit sharing agency arrangements

- (1) The principal under profit sharing agency arrangements is not treated for the purposes of the Corporation Tax Acts as entitled to profits to which the agent is entitled in accordance with section 506(1)(d).
- (2) And the agent under such arrangements is treated for those purposes as entitled to those profits and the profits specified in section 506(1)(c).
- (3) In this section “the principal” and “the agent” are to be read in accordance with section 506.

## 517 Treatment of bond-holder under investment bond arrangements

- (1) This section applies for the purposes of the Corporation Tax Acts and irrespective of the position for other purposes.
- (2) The bond-holder under investment bond arrangements is not treated as having a legal or beneficial interest in the bond assets.
- (3) The bond-issuer under such arrangements is not treated as a trustee of the bond assets.
- (4) Profits accruing to the bond-issuer in connection with the bond assets are profits of the bond-issuer and not of the bond-holder (and do not arise to the bond-issuer in a fiduciary or representative capacity).
- (5) Payments made by the bond-issuer by way of redemption payment or additional payment are not made in a fiduciary or representative capacity.
- (6) The bond-holder is not entitled to relief for capital expenditure in connection with the bond assets.
- (7) Expressions used in this section have the same meaning as in section 507.

## 518 Investment bond arrangements: treatment as securities

- (1) Investment bond arrangements are securities for the purposes of the Corporation Tax Acts.
- (2) For those purposes—
  - (a) a reference in an enactment to redemption is to be taken as a reference to making the redemption payment,<sup>F2</sup>...
  - (b) a reference in an enactment to interest is to be taken as a reference to alternative finance return<sup>F3</sup>, and

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- (c) the bond-issuer is to be treated for the purposes of [<sup>F4</sup>Chapter 4 of Part 13 of CTA 2010 (securitisation companies)] as being party as debtor to a capital market arrangement.]
- (3) In subsection (2) “the redemption payment” has the same meaning as in section 507 (see subsection (1)(d)(ii) of that section).

#### Textual Amendments

- F2** Word in s. 518(2)(a) omitted (1.4.2009 retrospective) by virtue of [Corporation Tax Act 2009 \(Amendment\) Order 2009 \(S.I. 2009/2860\)](#), arts. 1(2), **6(4)(a)**
- F3** S. 518(2)(c) and word inserted (1.4.2009 retrospective) by [Corporation Tax Act 2009 \(Amendment\) Order 2009 \(S.I. 2009/2860\)](#), arts. 1(2), **6(4)(b)**
- F4** Words in s. 518(2)(c) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 631** (with Sch. 2)

### 519 Investment bond arrangements: other provisions

- (1) A bond-issuer is not a securitisation company for the purposes of section 83 of FA 2005 (application of accounting standards to securitisation companies) unless it is one as a result of arrangements which are not investment bond arrangements.
- (2) For the purposes of [<sup>F5</sup>sections 453 and 454 of CTA 2010 (definitions related to close companies)]—
- (a) a bond-holder is a loan creditor in respect of the bond-issuer, and
- (b) investment bond arrangements must be ignored in the application of [<sup>F6</sup>section 454(2)(e) of CTA 2010].
- (3) For the purposes of [<sup>F7</sup>Chapter 6 of Part 5 of CTA 2010] (group relief)—
- (a) a bond-holder is a loan creditor in respect of the bond-issuer, and
- (b) [<sup>F8</sup>condition C in section 162(4) of CTA 2010] must be ignored in determining whether a person is an equity holder as a result of investment bond arrangements.
- [<sup>F9</sup>(4) Investment bond arrangements are not—
- (a) a unit trust scheme for the purposes of section 1119 of CTA 2010, or
- (b) an offshore fund for the purposes of section 354 of TIOPA 2010 so far as relating to corporation tax.]

#### Textual Amendments

- F5** Words in s. 519(2) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 632(2)(a)** (with Sch. 2)
- F6** Words in s. 519(2) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 632(2)(b)** (with Sch. 2)
- F7** Words in s. 519(3) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 632(3)(a)** (with Sch. 2)
- F8** Words in s. 519(3)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 632(3)(b)** (with Sch. 2)
- F9** S. 519(4) inserted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 632(4)** (with Sch. 2)

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**Modifications etc. (not altering text)**

- C1** S. 519(4)(b) modified (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 9 para. 38** (with Sch. 9 paras. 1-9, 22)

**520 Provision not at arm's length: non-deductibility of relevant return**

- (1) This section applies if arrangements to which section 508 (provision not at arm's length: exclusion of arrangements from sections 503 to 507) applies would, but for that section, be alternative finance arrangements.
- (2) A company paying relevant return under the arrangements is not entitled to—
  - (a) any deduction in calculating profits or gains for corporation tax purposes, or
  - (b) any deduction [<sup>F10</sup>from] total profits,
 in respect of the relevant return.
- (3) In this section “relevant return” has the same meaning as in section 508 (see subsection (3) of that section).

**Textual Amendments**

- F10** Word in s. 520(2)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 633** (with Sch. 2)

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

- Blanket amendment words substituted by [S.I. 2011/1043 art. 34](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 322(2A)(zb) inserted by [2016 c. 24 s. 73\(5\)](#)
- s. 934(1A)(1B) inserted by [2023 c. 30 Sch. 2 para. 12\(2\)](#)
- s. 962(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(5\)\(b\)](#)
- s. 962A(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(6\)\(b\)](#)
- s. 963(1A) inserted by [2023 c. 30 Sch. 2 para. 12\(7\)\(a\)](#)
- s. 1058B(5)(ea) inserted by [2023 c. 20 Sch. para. 57](#)
- s. 1094(2A)-(2C) inserted by [2012 c. 14 Sch. 3 para. 13\(3\)](#)
- s. 1106(4A)-(4C) inserted by [2012 c. 14 Sch. 3 para. 14\(3\)](#)
- s. 1138A applied by [S.I. 2024/348 reg. 3](#)