



# Income Tax Act 2007

## 2007 CHAPTER 3

### PART 13

#### TAX AVOIDANCE

### CHAPTER 1

#### TRANSACTIONS IN SECURITIES

#### *Introduction*

#### **682 Overview of Chapter**

- (1) This Chapter makes provision for counteracting income tax advantages obtained or obtainable by persons to whom section 684 applies in respect of a transaction or transactions in securities.
- (2) See section 698 (counteraction notices) for the way in which the income tax advantages may be counteracted.

#### **683 Meaning of “income tax advantage”**

- (1) In this Chapter “income tax advantage” means—
  - (a) a relief from income tax or increased relief from income tax,
  - (b) a repayment of income tax or increased repayment of income tax,
  - (c) the avoidance or reduction of a charge to income tax or an assessment to income tax, or
  - (d) the avoidance of a possible assessment to income tax.
- (2) For the purposes of subsection (1)(c) and (d) it does not matter whether the avoidance or reduction is effected—

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- (a) by receipts accruing in such a way that the recipient does not pay or bear income tax on them, or
  - (b) by a deduction in calculating profits or gains.
- (3) In this section “relief from income tax” includes a tax credit.

*Person liable to counteraction of income tax advantages*

**684 Person liable to counteraction of income tax advantage**

- (1) This section applies to a person in respect of a transaction in securities or two or more such transactions if the person is in a position to obtain or has obtained an income tax advantage—
- (a) in circumstances where any of the provisions specified in subsection (2) applies in relation to the person, and
  - (b) in consequence of—
    - (i) the transaction, or
    - (ii) the combined effect of the transactions.
- (2) The provisions are—
- section 686 (abnormal dividends used for exemptions or reliefs (circumstance A)),
  - section 687 (deductions from profits obtained following distribution or dealings (circumstance B)),
  - section 688 (receipt of consideration representing company’s assets, future receipts or trading stock (circumstance C)),
  - section 689 (receipt of consideration in connection with relevant company distribution (circumstance D)), and
  - section 690 (receipt of assets of relevant company (circumstance E)).
- (3) For the purposes of this Chapter an income tax advantage is treated as obtained or obtainable by a person in consequence of—
- (a) a transaction in securities, or
  - (b) the combined effect of two or more such transactions,
- if it is obtained or obtainable by the person in consequence of the combined effect of the transaction or transactions and the liquidation of a company.
- (4) This section is subject to—
- section 685 (exception where no tax avoidance object shown),
  - section 696(3) (disapplication of this section where person receiving preliminary notification that this section may apply makes a statutory declaration and the relevant officer of Revenue and Customs sees no reason to take further action), and
  - section 697(5) (determination by tribunal that there is no prima facie case that this section applies).

### **685 Exception where no tax avoidance object shown**

- (1) Section 684 does not apply to a person in respect of a transaction in securities or two or more such transactions if the person shows that the transaction or transactions meet conditions A and B.
- (2) Condition A is that the transaction or transactions are effected—
  - (a) for genuine commercial reasons, or
  - (b) in the ordinary course of making or managing investments.
- (3) Condition B is that enabling income tax advantages to be obtained is not the main object or one of the main objects of the transaction or, as the case may be, any of the transactions.

*Circumstances in which income tax advantages obtained or obtainable*

### **686 Abnormal dividends used for exemptions or reliefs (circumstance A)**

- (1) This section applies in relation to a person if subsections (2) to (4) apply.
- (2) The person receives an abnormal amount by way of dividend (see section 692).
- (3) The receipt is in connection with—
  - (a) the purchase of securities where the purchase is followed by the sale of the same or other securities,
  - (b) the sale of securities where the sale is followed by the purchase of the same or other securities,
  - (c) the distribution, transfer or realisation of assets of a company, or
  - (d) the application of such assets in discharge of liabilities.
- (4) The amount so received is taken into account for the purposes of—
  - (a) any exemption from income tax,
  - (b) the setting-off of losses against profits or income, or
  - (c) the giving of relief under section 383 (relief for interest payments).

### **687 Deductions from profits obtained following distribution or dealings (circumstance B)**

- (1) This section applies in relation to a person if subsections (2) to (4) apply.
- (2) The person becomes entitled—
  - (a) in respect of securities held or sold by the person, or
  - (b) in respect of securities formerly held by the person,to a deduction in calculating profits or gains.
- (3) The entitlement arises in connection with—
  - (a) the purchase of securities where the purchase is followed by the sale of the same or other securities,
  - (b) the sale of securities where the sale is followed by the purchase of the same or other securities,
  - (c) the distribution, transfer or realisation of assets of a company, or
  - (d) the application of such assets in discharge of liabilities.

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- (4) The entitlement arises because of a fall in the value of the securities resulting from—
  - (a) the payment of a dividend on them, or
  - (b) any other dealing with any assets of a company.
- (5) Subsection (2)(b) applies whether or not the person has sold the securities.

**688 Receipt of consideration representing company’s assets, future receipts or trading stock (circumstance C)**

- (1) This section applies in relation to a person (“A”) if subsections (2), (3) and (6) apply.
- (2) A receives consideration which—
  - (a) is or represents the value of—
    - (i) assets which are available for distribution by a company by way of dividend, or
    - (ii) assets which would have been so available apart from anything done by the company,
  - (b) is received in respect of future receipts of a company, or
  - (c) is or represents the value of trading stock of a company.
- (3) The receipt is in consequence of a transaction whereby another person (“B”)—
  - (a) subsequently receives, or has received, an abnormal amount by way of dividend (see section 692), or
  - (b) subsequently becomes entitled, or has become entitled—
    - (i) in respect of securities held or sold by B, or
    - (ii) in respect of securities formerly held by B,
 to a deduction in calculating profits or gains, if the entitlement meets the conditions in subsections (4) and (5).
- (4) The entitlement must arise in connection with—
  - (a) the purchase of securities where the purchase is followed by the sale of the same or other securities,
  - (b) the sale of securities where the sale is followed by the purchase of the same or other securities,
  - (c) the distribution, transfer or realisation of assets of a company, or
  - (d) the application of such assets in discharge of liabilities.
- (5) The entitlement must arise because of a fall in the value of the securities resulting from—
  - (a) the payment of a dividend on them, or
  - (b) any other dealing with any assets of a company.
- (6) The receipt of the consideration is such that A does not pay or bear income tax on it (apart from this Chapter).
- (7) The assets mentioned in subsection (2) do not include assets which are shown to represent a return of sums paid by subscribers on the issue of securities, despite the fact that under the law of the country in which the company is incorporated assets of that description are available for distribution by way of dividend.
- (8) In this section references to the receipt of consideration include references to the receipt of any money or money’s worth.

(9) Subsection (3)(b)(ii) applies whether or not B has sold the securities.

**689 Receipt of consideration in connection with relevant company distribution (circumstance D)**

- (1) This section applies in relation to a person if subsections (2) to (4) apply.
- (2) The person receives consideration in connection with—
  - (a) the distribution, transfer or realisation of assets of a relevant company (see section 691), or
  - (b) the application of such assets in discharge of liabilities.
- (3) The consideration—
  - (a) is or represents the value of—
    - (i) assets which are available for distribution by way of dividend by the company, or
    - (ii) assets which would have been so available apart from anything done by the company,
  - (b) is received in respect of future receipts of the company, or
  - (c) is or represents the value of trading stock of the company.
- (4) The person so receives the consideration that the person does not pay or bear income tax on it (apart from this Chapter).
- (5) The assets mentioned in subsection (3) do not include assets which are shown to represent a return of sums paid by subscribers on the issue of securities, despite the fact that under the law of the country in which the company is incorporated assets of that description are available for distribution by way of dividend.
- (6) In this section references to the receipt of consideration include references to the receipt of any money or money's worth.

**690 Receipt of assets of relevant company (circumstance E)**

- (1) This section applies in relation to a person if subsections (2) to (4) and (7) apply.
- (2) The person receives consideration in connection with—
  - (a) the direct or indirect transfer of assets of a relevant company (see section 691) to another such company, or
  - (b) any transaction in securities in which two or more relevant companies are concerned.
- (3) The consideration is or represents the value of assets which—
  - (a) are available for distribution by way of dividend by a relevant company,
  - (b) would have been so available apart from anything done by the company, or
  - (c) are trading stock of a relevant company.
- (4) The consideration consists of any share capital or any security issued by a relevant company.
- (5) So far as subsection (4) relates to share capital other than redeemable share capital, it applies only so far as the share capital is repaid (in a winding up or otherwise).

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- (6) The reference in subsection (5) to the repayment of share capital includes a reference to any distribution made in respect of any shares in a winding up or dissolution of the company.
- (7) The person does not pay or bear income tax on the consideration (apart from this Chapter).
- (8) In this section—
  - (a) references to the receipt of consideration include references to the receipt of any money or money’s worth,
  - (b) “security” has the meaning given in section 254(1) of ICTA (interpretation of Part 6 of ICTA: company distributions, tax credits etc), and
  - (c) “share” includes stock and any other interest of a member in a company.

### **691 Meaning of “relevant company” in sections 689 and 690**

- (1) A company is a relevant company for the purposes of sections 689 and 690 if it is—
  - (a) a company under the control of not more than 5 persons (but see subsection (2)), or
  - (b) any other company none of whose shares or stocks is—
    - (i) listed in the Official List of the Stock Exchange, and
    - (ii) dealt in on the Stock Exchange regularly or from time to time.
- (2) A company is not a relevant company for those purposes if it is under the control of one or more companies which are not relevant companies for those purposes.
- (3) The reference in subsection (1)(b) to shares or stocks does not include debenture stock, preferred shares or preferred stock.
- (4) In this section “control” has the meaning given by section 416(2) to (6) of ICTA (close companies: meaning of “associated company” and “control”).

### **692 Abnormal dividends: general**

- (1) An amount received by way of dividend is treated as abnormal for the purposes of this Chapter if the appropriate authority is satisfied—
  - (a) in any case that the excessive return condition is met (see section 693), or
  - (b) in the case of a dividend at a fixed rate, that the excessive accrual condition is met (see section 694).
- (2) In subsection (1) “the appropriate authority” means whichever of the following is determining the question whether the amount is abnormal for the purposes of this Chapter—
  - (a) an officer of Revenue and Customs,
  - (b) the Commissioners for Her Majesty’s Revenue and Customs,
  - (c) the Special Commissioners, or
  - (d) the tribunal appointed under section 704.

### **693 Abnormal dividends: the excessive return condition**

- (1) The excessive return condition is that the dividend substantially exceeds a normal return on the consideration provided by the recipient for the relevant securities.
- (2) In this section “the relevant securities” means—
  - (a) the securities in respect of which the dividend was received, and
  - (b) if those securities are derived from securities previously acquired by the recipient, the securities which were previously acquired.
- (3) In determining whether an amount received by way of dividend exceeds a normal return, regard must be had—
  - (a) to the length of time before its receipt that the recipient first acquired any of the relevant securities, and
  - (b) to any dividends paid and other distributions made in respect of them during that time.
- (4) If—
  - (a) the consideration provided by the recipient for any of the relevant securities exceeded their market value at the time the recipient acquired them, or
  - (b) no consideration was so provided,for the purposes of subsection (1) consideration equal to that market value is taken to have been so provided.

### **694 Abnormal dividends: the excessive accrual condition**

- (1) The excessive accrual condition is that the dividend substantially exceeds the amount which the recipient would have received if—
  - (a) the dividend had accrued from day to day, and
  - (b) the recipient had been entitled to only so much of the dividend as accrued while the recipient held the securities.
- (2) But the excessive accrual condition is treated as not being met if during the period of 6 months beginning with the purchase of the securities the recipient does not—
  - (a) sell or otherwise dispose of any of the securities or any securities similar to them, or
  - (b) acquire an option to sell any of the securities or any securities similar to them.
- (3) For the purposes of subsection (2) securities are taken to be similar if they entitle their holders—
  - (a) to the same rights against the same persons as to capital and interest, and
  - (b) to the same remedies for the enforcement of those rights.
- (4) For the purposes of subsection (3) rights guaranteed by the Treasury are treated as rights against the Treasury.
- (5) Subsection (3) applies despite any differences—
  - (a) in the total nominal amounts of the respective securities,
  - (b) in the form in which they are held, or
  - (c) in the manner in which they can be transferred.

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*Procedure for counteraction of income tax advantages*

**695 Preliminary notification that section 684 may apply**

- (1) An officer of Revenue and Customs must notify a person if the officer has reason to believe that—
  - (a) section 684 (person liable to counteraction of income tax advantage) may apply to the person in respect of a transaction or transactions, and
  - (b) a counteraction notice ought to be served on the person under section 698 about the transaction or transactions.
- (2) The notification must specify the transaction or transactions.
- (3) See section 698 for the serving of counteraction notices, and sections 696 and 697 for cases where the person on whom the notice under this section is served disagrees that section 684 applies.

**696 Opposed notifications: statutory declarations**

- (1) If a person on whom a notification is served under section 695 is of the opinion that section 684 (person liable to counteraction of income tax advantage) does not apply to the person in respect of the transaction or transactions specified in the notification, the person may—
  - (a) make a statutory declaration to that effect, stating the facts and circumstances on which the opinion is based, and
  - (b) send it to the officer of Revenue and Customs.
- (2) Such a declaration must be sent within 30 days of the issue of the notification.
- (3) If the person sends that declaration to the officer and the officer sees no reason to take further action—
  - (a) section 684 does not so apply, and
  - (b) accordingly no counteraction notice may be served on the person under section 698 about the transaction or transactions.

**697 Opposed notifications: determinations by tribunal**

- (1) This section applies if the officer of Revenue and Customs receiving a statutory declaration under section 696(1) sees reason to take further action about the transaction or transactions in question.
- (2) The officer must send the tribunal appointed under section 704 a certificate to that effect, together with the statutory declaration.
- (3) The officer may also send the tribunal a counter-statement with the certificate.
- (4) The tribunal must—
  - (a) consider the declaration and certificate and any counter-statement, and
  - (b) determine whether there is a prima facie case for the officer to take further action on the basis that section 684 (person liable to counteraction of income tax advantage) applies to the person by whom the declaration was made in respect of the transaction or transactions in question.
- (5) If the tribunal determines that there is no such case—



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- (a) section 684 does not so apply, and
  - (b) accordingly no counteraction notice may be served on the person under section 698 about the transaction or transactions.
- (6) But such a determination does not affect the application of sections 684 and 698 in respect of transactions including not only the ones to which the determination relates but also others.

### **698 Counteraction notices**

- (1) If—
- (a) a person on whom a notification is served under section 695 does not send a statutory declaration to an officer of Revenue and Customs under section 696 within 30 days of the issue of the notification, or
  - (b) the tribunal to which such a declaration is sent under section 697 determines that there is a prima facie case for serving a notice on a person under this section,
- the income tax advantage in question is to be counteracted by adjustments.
- (2) The adjustments required to be made to counteract the income tax advantage and the basis on which they are to be made are to be specified in a notice served on the person by an officer of Revenue and Customs.
- (3) In this Chapter such a notice is referred to as a “counteraction notice”.
- (4) Any of the following adjustments may be specified—
- (a) an assessment,
  - (b) the nullifying of a right to repayment,
  - (c) the requiring of the return of a repayment already made, or
  - (d) the calculation or recalculation of profits or gains or liability to income tax.
- (5) Nothing in this section authorises the making of an assessment later than 6 years after the tax year to which the income tax advantage relates.
- (6) This section is subject to—
- section 699 (limit on amount assessed in section 689 and 690 cases),
  - section 700 (timing of assessments in section 690 cases), and
  - section 702(2) (effect of clearance notification under section 701).
- (7) But no other provision in the Income Tax Acts is to be read as limiting the powers conferred by this section.

### **699 Limit on amount assessed in section 689 and 690 cases**

- (1) This section applies if a counteraction notice is served in a case where the income tax advantage—
- (a) consists of the avoidance of a charge to income tax, and
  - (b) is obtained by a person in circumstances falling within—
    - section 689 (receipt of consideration in connection with relevant company distribution (circumstance D)), or
    - section 690 (receipt of assets of relevant company (circumstance E)).

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- (2) The amount of income tax which may be specified in an assessment made in accordance with the notice must not exceed the qualifying distribution equivalent.
- (3) The qualifying distribution equivalent is the amount of income tax for which the person would be liable if—
  - (a) the person received a qualifying distribution on the date on which the consideration mentioned in section 689 or, as the case may be, section 690 is received, and
  - (b) that distribution were of an amount equal to the amount or value of that consideration.

#### **700 Timing of assessments in section 690 cases**

- (1) This section applies if section 684 (person liable to counteraction of income tax advantage) applies to a person because the person is in a position to obtain or has obtained an income tax advantage by falling within the circumstances mentioned in section 690 (receipt of relevant company assets (circumstance E)) when share capital is repaid.
- (2) An assessment to income tax made in accordance with a counteraction notice must be an assessment for the tax year in which the repayment occurs.
- (3) The references in this section to the repayment of share capital include references to any distribution made in respect of any shares in a winding up or dissolution of the company.
- (4) In subsection (3) “shares” includes stock and any other interest of a member in a company.

#### *Clearance procedure and information powers*

#### **701 Application for clearance of transactions**

- (1) A person may provide the Commissioners for Her Majesty’s Revenue and Customs with particulars of a transaction or transactions effected or to be effected by the person in order to obtain a notification about them under this section.
- (2) If the Commissioners consider that the particulars, or any further information provided under this subsection, are insufficient for the purposes of this section, they must notify the person what further information they require for those purposes within 30 days of receiving the particulars or further information.
- (3) If any such further information is not provided within 30 days from the notification, or such further time as the Commissioners allow, they need not proceed further under this section.
- (4) The Commissioners must notify the person whether they are satisfied that the transaction or transactions, as described in the particulars, were or will be such that no counteraction notice ought to be served about the transaction or transactions.
- (5) The notification must be given within 30 days of receipt of the particulars, or, if subsection (2) applies, of all further information required.

## **702 Effect of clearance notification under section 701**

- (1) This section applies if the Commissioners for Her Majesty's Revenue and Customs notify a person under section 701 that they are satisfied that a transaction or transactions, as described in the particulars provided under that section, were or will be such that no counteraction notice ought to be served about the transaction or transactions.
- (2) No such notice may be served on the person in respect of the transaction or transactions.
- (3) But the notification does not prevent such a notice being served on the person in respect of transactions including not only the ones to which the notification relates but also others.
- (4) The notification is void if the particulars and any further information given under section 701 about the transaction or transactions do not fully and accurately disclose all facts and considerations which are material for the purposes of that section.

## **703 Power to obtain information**

- (1) This section applies if it appears to an officer of Revenue and Customs that a person may be a person to whom section 684 (person liable to counteraction of income tax advantage) applies in respect of one or more transactions.
- (2) The officer may serve a notice on the person requiring the person to give the officer information in the person's possession about the transaction or, if there are two or more, about any of them.
- (3) That information must be information about matters which are relevant to the question whether a counteraction notice should be served on the person.
- (4) Those matters must be specified in the notice under subsection (2).
- (5) That notice must require the information to be given within such period as is specified in it.
- (6) That period must be at least 30 days.

### *The tribunal*

## **704 The tribunal**

- (1) The tribunal for the purposes of this Chapter consists of—
  - (a) a chairman appointed by the Lord Chancellor, and
  - (b) two or more persons appointed by the Lord Chancellor as having special knowledge of and experience in financial or commercial matters.
- (2) A person appointed as chairman or other member of the tribunal must vacate the office on attaining the age of 70.
- (3) But subsection (2) is subject to section 26(4) to (6) of the Judicial Pensions and Retirement Act 1993 (c. 8) (power to authorise continuance in office up to the age of 75).

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### *Appeals*

#### **705 Appeals against counteraction notices**

- (1) A person on whom a counteraction notice has been served may appeal to the Special Commissioners on the grounds that—
  - (a) section 684 (person liable to counteraction of income tax advantage) does not apply to the person in respect of the transaction or transactions in question, or
  - (b) the adjustments directed to be made are inappropriate.
- (2) Such an appeal may be made only by giving notice to the Commissioners for Her Majesty's Revenue and Customs within 30 days of the service of the counteraction notice.
- (3) On an appeal under this section the Special Commissioners may—
  - (a) affirm, vary or cancel the counteraction notice, or
  - (b) affirm, vary or quash an assessment made in accordance with the notice.
- (4) But the bringing of an appeal under this section (or a request for its rehearing under section 706) does not affect—
  - (a) the validity of the counteraction notice, or
  - (b) the validity of any other thing done under or in accordance with section 698 (counteraction notices),pending the determination of the proceedings.

#### **706 Rehearing by tribunal of appeal against counteraction notice**

- (1) The appellant or an officer of Revenue and Customs may, if dissatisfied with the determination of the Special Commissioners under section 705, require the appeal to be reheard by the tribunal appointed under section 704.
- (2) Such a request may be made only by giving notice to the Clerk to the Special Commissioners within 30 days after the determination.
- (3) If such a request is made—
  - (a) the Special Commissioners must transmit to the tribunal any document in their possession which was delivered to them for the purposes of the appeal, and
  - (b) the tribunal must rehear and determine the appeal.
- (4) The tribunal has the same powers in relation to the appeal as the Special Commissioners.
- (5) On the rehearing of an appeal under this section, the tribunal may—
  - (a) affirm, vary or cancel the counteraction notice, or
  - (b) affirm, vary or quash an assessment made in accordance with the notice.
- (6) The tribunal's determination is final and conclusive (but see sections 707 to 711).

#### **707 Statement of case by tribunal for opinion of High Court or Court of Session**

- (1) This section applies if the appellant or an officer of Revenue and Customs ("the dissatisfied party") is dissatisfied with the tribunal's determination under section 706 on the rehearing of an appeal as being wrong in law.

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- (2) The dissatisfied party may, within 30 days after the determination, by notice in writing require the tribunal to state and sign a case for the opinion of the High Court or in Scotland the Court of Session.
- (3) The dissatisfied party is entitled to have the case stated only on payment of a fee of £25 to the tribunal.
- (4) The case must set out the facts and the determination of the tribunal.
- (5) The dissatisfied party must—
  - (a) within 30 days after receiving the stated and signed case, transmit it to the High Court or in Scotland the Court of Session, and
  - (b) not later than transmitting the case, send to the other party—
    - (i) notice in writing that the case has been stated on the dissatisfied party's application, and
    - (ii) a copy of the case.
- (6) The statement of a case under this section does not affect—
  - (a) the validity of the counteraction notice, or
  - (b) the validity of any other thing done under or in accordance with section 698 (counteraction notices),pending the determination of the proceedings.
- (7) In this section and sections 708 to 710 references to the Court of Session are references to the Court of Session sitting as the Court of Exchequer.

## **708 Cases before High Court or Court of Session**

- (1) The High Court or in Scotland the Court of Session must hear and determine any question of law arising on a case transmitted to the Court under section 707(5).
- (2) The Court may—
  - (a) affirm, reverse or amend the determination in respect of which the case has been stated,
  - (b) remit the matter to the tribunal with the Court's opinion on it, or
  - (c) make such other order about the matter as it considers appropriate.
- (3) The Court may send the case back for amendment.
- (4) A case sent back for amendment must be amended accordingly, and judgment must be delivered after it has been amended.

## **709 Effect of appeals against tribunal's determination under section 706**

- (1) This section applies if the tribunal has made a determination under section 706 about an assessment and a case—
  - (a) has been required to be stated about it under section 707(2), or
  - (b) is pending before the High Court or the Court of Session.
- (2) Income tax must be paid in accordance with the determination except so far as subsection (3) or (4) applies.

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- (3) If the amount charged is reduced by the order or judgment of the Court, the overpaid tax must be refunded with such interest, if any, as the Court may allow.
- (4) If the amount charged is increased by the order or judgment, an officer of Revenue and Customs must issue the person assessed with a notice of the total amount payable in accordance with the order or judgment.
- (5) The tax undercharged is due and payable at the end of the period of 30 days beginning with the date on which the notice is issued.

### **710 Appeals from High Court or Court of Session**

- (1) In the case of a decision under section 708 of the High Court, an appeal lies to the Court of Appeal and from there to the Supreme Court.
- (2) But that is subject to subsection (3) and to Part 2 of the Administration of Justice Act 1969 (c. 58) (appeal from High Court to Supreme Court).
- (3) No appeal lies to the Supreme Court from the Court of Appeal except with the leave of the Court of Appeal or the Supreme Court.
- (4) In the case of a decision under section 708 of the Court of Session, an appeal lies to the Supreme Court.

### **711 Proceedings in Northern Ireland**

- (1) A case which is stated by the tribunal under section 707 (statement of case by tribunal for opinion of High Court or Court of Session) in proceedings in Northern Ireland is a case for the opinion of the Court of Appeal in Northern Ireland.
- (2) The Income Tax Acts and TMA 1970 have effect as if—
  - (a) section 707 applied in relation to such proceedings with the omission of subsections (4) and (5), and
  - (b) that section and sections 708 and 709 applied in relation to such proceedings with the substitution of references to the Court of Appeal in Northern Ireland for references to the High Court.
- (3) The procedure relating to—
  - (a) transmitting the case to the Court of Appeal in Northern Ireland, and
  - (b) the hearing and determination of the case by that Court,
 is that for the time being in force in Northern Ireland as respects cases stated by a county court in exercise of its general jurisdiction.
- (4) An appeal lies from the Court of Appeal in Northern Ireland to the Supreme Court in accordance with section 42 of the Judicature (Northern Ireland) Act 1978 (c. 23).
- (5) If in proceedings in Northern Ireland an application is made for a case to be stated by the tribunal under section 707 as applied by this section, the case must be settled and sent to the applicant as soon after the application as is reasonably practicable.
- (6) In this section “proceedings in Northern Ireland” means proceedings as respects which the place given by the rules in Schedule 3 to TMA 1970 is in Northern Ireland.

### *Supplementary*

#### **712 Application of Chapter where individual within section 684 dies**

- (1) This section applies if an individual to whom section 684 (person liable to counteraction of income tax advantage) applies (or may apply) has died.
- (2) Any notice or notification to the individual under this Chapter may be given to the individual's personal representatives.
- (3) The provisions of this Chapter relating to any such notice or notification, to the making of a statutory declaration, to rights of appeal and to the giving of information must be read accordingly.

#### **713 Interpretation of Chapter**

In this Chapter—

“company” includes any body corporate,

“dividends” includes references to other qualifying distributions and to interest,

“securities”—

- (a) includes shares and stock, and
- (b) in relation to a company not limited by shares (whether or not it has a share capital) also includes a reference to the interest of a member of the company as such, whatever the form of that interest,

“trading stock” has the meaning given by section 174 of ITTOIA 2005, and

“transaction in securities” means transactions, of whatever description, relating to securities, and in particular—

- (a) the purchase, sale or exchange of securities,
- (b) issuing or securing the issue of new securities,
- (c) applying or subscribing for new securities, and
- (d) altering or securing the alteration of the rights attached to securities.