



Corporation Tax Act 2010

2010 CHAPTER 4

PART 16

FACTORING OF INCOME ETC

[^{F1}CHAPTER 1A

DISPOSALS OF INCOME STREAMS THROUGH PARTNERSHIPS

[^{F1}757A Application of Chapter

- (1) This Chapter applies if directly or indirectly in consequence of, or otherwise in connection with, arrangements involving a company within the charge to corporation tax (“the transferor”) and another person (“the transferee”)—
 - (a) there is, or is in substance, a disposal of a right to relevant receipts by the transferor to the transferee,
 - (b) the disposal is effected (wholly or partly) by or through a partnership (“the relevant partnership”),
 - (c) at any time—
 - (i) the transferor is a member of the relevant partnership or of a partnership associated with the relevant partnership, and
 - (ii) the transferee is a member of the relevant partnership or of a partnership associated with the relevant partnership, and
 - (d) the main purpose, or one of the main purposes, of one or more steps taken in effecting the disposal is the obtaining of a tax advantage for any person.
- (2) In subsection (1)(a) the reference to a disposal of a right to relevant receipts includes anything constituting a disposal of such a right for the purposes of TCGA 1992.
- (3) For the purposes of subsection (1)(b) the disposal might, in particular, be effected by an acquisition or disposal of, or an increase or decrease in, an interest in the relevant partnership (including a share of the profits or assets of the relevant partnership or an interest in such a share).

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 757A. (See end of Document for details)

- (4) For the purposes of subsection (1)(c) it does not matter if the transferor and the transferee are not members of a partnership as mentioned at the same time.
- (5) For the purposes of subsection (1)(c) a partnership is “associated” with the relevant partnership if—
- (a) it is a member of the relevant partnership, or
 - (b) it is a member of a partnership which is associated with the relevant partnership (whether by virtue of paragraph (a) or this paragraph).
- (6) In subsections (1)(c) and (4) references to the transferor include a person connected with the transferor and references to the transferee include a person connected with the transferee.
- (7) In this Chapter—
- “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable),
- “partnership” includes a limited liability partnership whether or not section 1273(1) of CTA 2009 applies in relation to it,
- “relevant receipts” means any income—
- (a) which (but for the disposal) would be charged to corporation tax as income of the transferor (whether directly or as a member of a partnership), or
 - (b) which (but for the disposal) would be brought into account as income in calculating profits of the transferor (whether directly or as a member of a partnership) for corporation tax purposes, and
- “tax advantage” means a tax advantage, as defined in section 1139, in relation to income tax or the charge to corporation tax on income.]

Textual Amendments

F1 Pt. 16 Ch. 1A inserted (with effect in accordance with Sch. 17 para. 28(2) of the amending Act) by Finance Act 2014 (c. 26), **Sch. 17 para. 28(1)**

Changes to legislation:

There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 757A.