



Taxation (International and Other Provisions) Act 2010

2010 CHAPTER 8

PART 6

TAX ARBITRAGE

Consequences of deduction notices

245 Application of the rule against deduction for untaxable payments

- (1) Section 248 (the rule against deduction for untaxable payments) applies if conditions A, B and C are met.
- (2) Condition A is that a transaction that forms part of the deduction scheme, or a series of transactions that forms part of the scheme, makes or imposes provision as a result of which—
 - (a) one person (“the payer”) makes a payment, and
 - (b) another person (“the payee”) receives, or becomes entitled to receive, a payment or payments.
- (3) Condition B is that, in respect of the payment by the payer, an amount may be deducted by, or otherwise allowed to—
 - (a) the payer, or
 - (b) another person who is party to, or concerned in, the scheme, in calculating any profits or losses for tax purposes.
- (4) Condition C is that as a result of provision made or imposed by the deduction scheme—
 - (a) the payee is not liable to tax—
 - (i) in respect of the payment or payments that the payee receives or is entitled to receive as a result of the transaction or series of transactions, or

Status: This is the original version (as it was originally enacted).

- (ii) in respect of part of such payment or payments, or
 - (b) if the payee is so liable, the payee's liability to tax is reduced.
- (5) In this section—
 - (a) “the deduction scheme” means the scheme in relation to which the deduction scheme conditions are met, and
 - (b) “tax purposes” includes the purposes of any non-UK tax (within the meaning of section 187 of CTA 2010).
- (6) Sections 246 and 247 make further provision about condition C.
- (7) Expressions used in those sections or section 248 have the same meaning as in this section.