

CORPORATION TAX ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 8: Intangible fixed assets

Overview

Chapter 12: Related parties

Section 834: Overview of Chapter

2161. This section introduces the Chapter that gives rules to determine whether parties to a transaction are “related parties” and therefore subject to special rules (set out in Chapter 13 of this Part). It is new.
2162. The approach in this Act to “related parties” differs in two ways from that in the source legislation.
2163. First, the provisions that define who are “related parties” *precede* the rules that then apply to them.
2164. Second, those two groups of rules are separated into different Chapters.

Section 835: “Related party”

2165. This section defines “related party”. It is based on paragraph 95 of Schedule 29 to FA 2002.
2166. The definition depends on terms that are defined in the eight sections that immediately follow this section.

Section 836: “Control”

2167. This section defines “control” for the related party rules. It is based on paragraph 96 of Schedule 29 to FA 2002.

Section 837: “Major interest”

2168. This section defines “major interest” for the related party rules. It is based on paragraph 96 of Schedule 29 to FA 2002.

Section 838: General rule

2169. This section gives a general rule about the attribution of rights and powers for the related party rules. It is based on paragraph 97 of Schedule 29 to FA 2002.

Section 839: Rights and powers held jointly

2170. This section gives a further rule about the attribution of rights and powers, held jointly, for the related party rules. It is based on paragraph 98 of Schedule 29 to FA 2002.

Section 840: Partnerships

2171. This section gives a further rule about the attribution of rights and powers for the related party rules. It is based on paragraph 99 of Schedule 29 to FA 2002.

Section 841: “Participator” and “associate”

2172. This section defines certain terms used in the related party rules. It is based on paragraph 100 of Schedule 29 to FA 2002.

Section 842: Introduction

2173. This section introduces the rules that determine whether a person is connected with another for the purposes of the related party rules. It is based on paragraph 101 of Schedule 29 to FA 2002.

Section 843: Who are connected persons

2174. This section states which persons are connected for the purposes of the related party rules. It is based on paragraph 101 of Schedule 29 to FA 2002.