



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 16

#### FACTORING OF INCOME ETC

### CHAPTER 2

#### FINANCE ARRANGEMENTS

#### *Exceptions*

#### **771 Exceptions**

- (1) A finance arrangement code does not apply if the whole of the advance under the arrangement—
  - (a) is charged to tax on a relevant person as an amount of income,
  - (b) is brought into account in calculating for tax purposes any income of a relevant person, or
  - (c) is brought into account for the purposes of any provision of CAA 2001 as a disposal receipt, or proceeds from a balancing event or disposal event, of a relevant person.
- (2) Treat subsection (1)(c) as not met if—
  - (a) the receipt gives rise, or proceeds give rise, to a balancing charge, and
  - (b) the amount of the balancing charge is limited by any provision of CAA 2001.
- (3) A finance arrangement code does not apply if at all times the whole of the advance under the arrangement—
  - (a) is a debtor relationship of a relevant person for the purposes of Part 5 of CTA 2009 (loan relationships), or
  - (b) would be a debtor relationship of a relevant person for those purposes if that person were a company within the charge to corporation tax.

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*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 771. (See end of Document for details)*

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- (4) In subsection (3) references to a debtor relationship do not include references to a relationship to which Chapter 2 of Part 6 of CTA 2009 applies (relevant non-lending relationships).
- (5) A finance arrangement code does not apply so far as—
  - (a) section 263A of TCGA 1992 applies in relation to the arrangement (agreements for sale and repurchase of securities), or
  - (b) Schedule 13 to FA 2007 or Chapter 10 of Part 6 of CTA 2009 applies in relation to the arrangement (sale and repurchase of securities, and repos).
- (6) A finance arrangement code does not apply so far as Chapter 6 of Part 6 of CTA 2009, Part 10A of ITA 2007 or Chapter 4 of Part 4 of TCGA 1992 has effect in relation to the arrangement (alternative finance arrangements).
- (7) A finance arrangement code does not apply so far as the security is plant or machinery which is the subject of a sale and finance leaseback.
- (8) For the purposes of subsection (7) apply section 221 of CAA 2001 to determine whether plant or machinery is the subject of a sale and finance leaseback.
- (9) A finance arrangement code does not apply so far as sections 228B and 228C of CAA 2001 (finance leaseback) apply in relation to the arrangement.
- [<sup>F1</sup>(9A) A finance arrangement code does not apply if the arrangement is a right-of-use lease—
  - (a) under which the relevant person is a lessee, and
  - (b) which, were that person required under generally accepted accounting practice to determine whether the lease falls to be treated in the accounts of that person as a finance lease or loan, would not fall to be so treated.
- (9B) In subsection (9A) “right-of-use lease” has the meaning given in Part 2 of CAA 2001 (see section 70YI(1) of that Act).]
- (10) Section 772 defines a relevant person for the purposes of this section.

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**Textual Amendments**

- F1** S. 771(9A)(9B) inserted (with effect in accordance with Sch. 14 para. 6(1) of the amending Act) by Finance Act 2019 (c. 1), **Sch. 14 para. 4(9)**

**Changes to legislation:**

There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 771.