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**Changes to legislation:** There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Paragraph 4. (See end of Document for details)

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## SCHEDULES

### SCHEDULE 2

#### ALTERNATIVE FINANCE ARRANGEMENTS

##### PART 1

##### NEW PART 10A OF ITA 2007

4 After section 564B insert—

*“Arrangements that are alternative finance arrangements*

##### **564C Purchase and resale arrangements**

- (1) This section applies to arrangements if—
  - (a) they are entered into between two persons (“the first purchaser” and “the second purchaser”), one or both of whom are financial institutions, and
  - (b) under the arrangements—
    - (i) the first purchaser purchases an asset and sells it to the second purchaser,
    - (ii) the sale occurs immediately after the purchase or in the circumstances mentioned in subsection (2),
    - (iii) all or part of the second purchase price is not required to be paid until a date later than that of the sale,
    - (iv) the second purchase price exceeds the first purchase price, and
    - (v) the excess equates, in substance, to the return on an investment of money at interest.
- (2) The circumstances are that—
  - (a) the first purchaser is a financial institution, and
  - (b) the asset referred to in subsection (1)(b)(i) was purchased by the first purchaser for the purpose of entering into arrangements within this section.
- (3) In this section—

“the first purchase price” means the amount paid by the first purchaser in respect of the purchase, and

“the second purchase price” means the amount payable by the second purchaser in respect of the sale.
- (4) This section is subject to section 564H (provision not at arm's length: exclusion of arrangements from this section and sections 564D to 564G).”

**Changes to legislation:**

There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Paragraph 4.