

## SCHEDULES

### SCHEDULE 6

#### TAX TREATMENT OF RECEIPTS BY WAY OF REVERSE PREMIUM

*Tax treatment of receipts by way of reverse premium*

- 2 (1) A reverse premium shall be regarded for the purposes of the Tax Acts as a receipt of a revenue nature.
- (2) Where the relevant transaction is entered into—
- (a) by the person receiving the reverse premium, and
  - (b) for the purposes of a trade, profession or vocation carried on or to be carried on by that person,
- the reverse premium shall be taken into account in computing the profits of that trade, profession or vocation under Case I or II of Schedule D.
- (3) If sub-paragraph (2) does not apply, the person receiving the reverse premium is chargeable to tax as if it were a receipt of a transaction entered into by him for the exploitation, as a source of rents or other receipts, of an estate, interest or right in or over the land in question.