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**Changes to legislation:** There are currently no known outstanding effects for the Finance (No. 2) Act 2005, Cross Heading:  
Corporate strips: manipulation of price: associated payment giving rise to loss. (See end of Document for details)

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## SCHEDULES

### SCHEDULE 7

#### AVOIDANCE INVOLVING FINANCIAL ARRANGEMENTS

*Corporate strips: manipulation of price: associated payment giving rise to loss*

- 8 In TCGA 1992, after section 151C (strips: manipulation of price: associated payment giving rise to loss) insert—

**“151D Corporate strips: manipulation of price: associated payment giving rise to loss**

- (1) This section applies if—
  - (a) as a result of any scheme or arrangement which has an unallowable purpose, the circumstances are, or might have been, as mentioned in paragraph (a), (b) or (c) of section 452G(2) of ITTOIA 2005,
  - (b) under the scheme or arrangement, a payment falls to be made otherwise than in respect of the acquisition or disposal of a corporate strip, and
  - (c) as a result of that payment or the circumstances in which it is made, a loss accrues to any person.
- (2) The loss shall not be an allowable loss.
- (3) For the purposes of this section a scheme or arrangement has an unallowable purpose if the main benefit, or one of the main benefits, that might have been expected to result from, or from any provision of, the scheme or arrangement (apart from section 452G of ITTOIA 2005 and this section) is—
  - (a) the obtaining of a tax advantage by any person, or
  - (b) the accrual to any person of an allowable loss.
- (4) The reference in subsection (1)(b) above to the acquisition or disposal of a corporate strip shall be construed as if it were in Chapter 8 of Part 4 of ITTOIA 2005 (profits from deeply discounted securities) (see, in particular, sections 437 and 452F of that Act for the meaning of “disposal” and section 452E of that Act for the meaning of “corporate strip”).
- (5) In subsection (3)(a) above “tax advantage” has the meaning given by section 709(1) of the Taxes Act.
- (6) This section applies to losses accruing on or after 6th April 2005.”.

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Heading: Corporate strips: manipulation of price: associated payment giving rise to loss.