



Corporation Tax Act 2010

2010 CHAPTER 4

PART 10

CLOSE COMPANIES

[^{F1}CHAPTER 3A

CHARGE TO TAX: OTHER ARRANGEMENTS

Textual Amendments

F1 Pt. 10 Ch. 3A inserted (with retrospective effect in accordance with [Sch. 30 para. 5\(2\)](#) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 30 para. 5\(1\)](#)

Modifications etc. (not altering text)

C1 [Pt. 10 Chs. 3-3B](#) applied (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 2 para. 37](#)

464A Charge to tax: arrangements conferring benefit on participator

- (1) This section applies if—
- (a) a close company is at any time a party to tax avoidance arrangements, and
 - (b) as a result of those arrangements, a benefit is conferred (whether directly or indirectly) on an individual who is—
 - (i) a participator in the company, or
 - (ii) an associate of such a participator.
- (2) But this section does not apply if, or to the extent that, the conferral of the benefit gives rise to—
- (a) a charge to tax on the company under section 455, or
 - (b) a charge to income tax on the participator or associate.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 3A. (See end of Document for details)

- (3) There is due from the company, as if it were an amount of corporation tax chargeable on the company for the accounting period in which the benefit is conferred on the participator or associate, an amount equal to [^{F2}such percentage of the value of the benefit conferred as corresponds to the dividend upper rate specified in section 8(2) of ITA 2007 for the tax year in which the benefit is conferred] .
- (4) Tax due under this section in relation to a benefit conferred on a participator or associate is due and payable in accordance with section 59D of TMA 1970 on the day following the end of the period of 9 months from the end of the accounting period in which the benefit was conferred.
- (5) If a company (C) controls another company (D), a participator in C is to be treated for the purposes of this section as being also a participator in D.
- (6) For the purposes of this section, arrangements are “tax avoidance arrangements” if the main purpose, or one of the main purposes, of the arrangements is—
 - (a) to avoid or reduce, or obtain a relief or increased relief from, a charge to tax on the company under section 455, or
 - (b) to obtain a tax advantage for the participator or associate.
- (7) In this section—

“arrangements” includes any arrangements, scheme or understanding of any kind, whether or not legally enforceable, involving a single transaction or two or more transactions, and

“tax advantage” has the meaning given in section 1139, reading references to tax in that section as references to income tax.

Textual Amendments

F2 Words in s. 464A(3) substituted (with effect in accordance with s. 50(4) of the amending Act) by Finance Act 2016 (c. 24), s. 50(3)

464B Relief in case of return payment to company

- (1) Subsection (2) applies if a benefit has been conferred which gave rise to a charge to tax on the company under section 464A.
- (2) Relief is to be given from that tax, or a proportionate part of it, if—
 - (a) a payment (“the return payment”) is made to the company in respect of the benefit, and
 - (b) no consideration is given for the return payment.
- (3) Relief under this section is to be given on a claim, which must be made within 4 years from the end of the financial year in which the return payment is made to the company.
- (4) Subsection (5) applies if the return payment is made on or after the day on which tax under section 464A becomes due and payable in relation to the benefit.
- (5) Relief in respect of the return payment may not be given under this section at any time before the end of the period of 9 months from the end of the accounting period in which the return payment was made.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 3A. (See end of Document for details)

- (6) Schedule 1A to TMA 1970 (claims and elections not included in return) applies to a claim for relief under this section unless—
- (a) the claim is included (by amendment or otherwise) in the return for the period in which the benefit was conferred, and
 - (b) the relief may be given at the time the claim is made.]

Changes to legislation:

There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 3A.