

SCHEDULES

SCHEDULE 2

ALTERNATIVE FINANCE ARRANGEMENTS

PART 1

NEW PART 10A OF ITA 2007

7 After section 564E insert—

“564F Profit share agency arrangements

- (1) This section applies to arrangements if under them—
- (a) a person (“the principal”) appoints an agent,
 - (b) one or both of the principal and agent is a financial institution,
 - (c) the agent uses money provided by the principal with a view to producing a profit,
 - (d) the principal is entitled, to a specified extent, to profits resulting from the use of the money,
 - (e) the agent is entitled to any additional profits resulting from its use (and may also be entitled to a fee paid by the principal), and
 - (f) payments made because of the principal’s entitlement to profits equate, in substance, to the return on an investment of money at interest.
- (2) This section is subject to section 564H (provision not at arm’s length: exclusion of arrangements from sections 564C to 564E, this section and section 564G).”