



Taxation (International and Other Provisions) Act 2010

2010 CHAPTER 8

PART 6

TAX ARBITRAGE

Deduction schemes

236 Schemes involving hybrid entities

- (1) A scheme is a deduction scheme if a party to a transaction forming part of the scheme meets conditions A and B.
- (2) Condition A is that the party is regarded as being a person under the tax law of any territory.
- (3) Condition B is that the party's profits or gains are treated, for the purposes of a relevant tax imposed under the law of any territory, as the profits or gains of a person or persons other than the person mentioned in condition A.
- (4) Condition B is not met just because the party's profits or gains are subject to a rule that—
 - (a) is similar to that in section 747(3) of ICTA (imputation of chargeable profits of controlled foreign company), and
 - (b) has effect under the tax law of any territory outside the United Kingdom.
- (5) For the purposes of this section, the following are relevant taxes—
 - (a) income tax,
 - (b) corporation tax, and
 - (c) any tax of a similar character to income tax or corporation tax that is imposed by the law of a territory outside the United Kingdom.