



Taxation (International and Other Provisions) Act 2010

2010 CHAPTER 8

[^{F1}PART 6A

HYBRID AND OTHER MISMATCHES

CHAPTER 7

HYBRID PAYEE DEDUCTION/NON-INCLUSION MISMATCHES

Application of Chapter

[^{F1}259GA] **Circumstances in which the Chapter applies**

- (1) This Chapter applies if conditions A to E are met.
- (2) Condition A is that a payment or quasi-payment is made under, or in connection with, an arrangement.
- (3) Condition B is that a payee is a hybrid entity (a “hybrid payee”).
- (4) Condition C is that—
 - (a) the payer is within the charge to corporation tax for the payment period,
 - (b) an investor in a hybrid payee is within the charge to corporation tax for an accounting period some or all of which falls within the payment period, or
 - (c) a hybrid payee is a limited liability partnership.
- (5) Condition D is that it is reasonable to suppose that, disregarding the provisions mentioned in subsection (6), there would be a hybrid payee deduction/non-inclusion mismatch in relation to the payment or quasi-payment (see section 259GB).
- (6) The provisions are—

Changes to legislation: There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Section 259GA. (See end of Document for details)

- (a) this Chapter and Chapters 8 to 10, and
 - (b) any equivalent provision under the law of a territory outside the United Kingdom.
- (7) Condition E is that—
- (a) it is a quasi-payment that is made as mentioned in subsection (2) and the payer is also a hybrid payee (see section 259BB(7)),
 - (b) the payer and a hybrid payee or an investor in a hybrid payee are in the same control group (see section 259NB) at any time in the period—
 - (i) beginning with the day on which the arrangement mentioned in subsection (2) is made, and
 - (ii) ending with the last day of the payment period, or
 - (c) that arrangement is a structured arrangement.
- (8) The arrangement is “structured” if it is reasonable to suppose that—
- (a) the arrangement is designed to secure a hybrid payee deduction/non-inclusion mismatch, or
 - (b) the terms of the arrangement share the economic benefit of the mismatch between the parties to the arrangement or otherwise reflect the fact that the mismatch is expected to arise.
- (9) The arrangement may be designed to secure a hybrid payee deduction/non-inclusion mismatch despite also being designed to secure any commercial or other objective.
- (10) The following provisions contain provision for the counteraction of the hybrid payee deduction/non-inclusion mismatch—
- (a) section 259GC (cases where the payer is within the charge to corporation tax for the payment period),
 - (b) section 259GD (cases where an investor in a hybrid payee is within the charge to corporation tax), and
 - (c) section 259GE (cases where a hybrid payee is a limited liability partnership).]

Textual Amendments

F1 Pt. 6A inserted (with effect in accordance with Sch. 10 paras. 18-21 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 10 para. 1](#)

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