

Transactions between associated persons. FA80 s44 453.—(1) In this section, “control” has the same meaning as in section 11.

(2) Where a company making a claim for relief under this Part (in this subsection referred to as “the buyer”) buys from another person (in this subsection referred to as “the seller”), and—

(a) the seller has control over the buyer or, the seller being a body corporate or partnership, the buyer has control over the seller or some other person has control over both the seller and the buyer, and

(b) the price in the transaction is less than that which might have been expected to obtain if the parties to the transaction had been independent parties dealing at arm's length,

then, the income or losses of the buyer and the seller shall be computed for any purpose of the Tax Acts as if the price in the transaction had been that which would have obtained if the transaction had been a transaction between independent persons dealing at arm's length.

(3) Where a company making a claim for relief under this Part (in this subsection referred to as “the seller”) sells goods to another person (in this subsection referred to as “the buyer”) and—

(a) the buyer has control over the seller or, the buyer being a body corporate or partnership, the seller has control over the buyer or some other person has control over both the seller and the buyer, and

(b) the goods are sold at a price greater than the price which they might have been expected to fetch if the parties to the transaction had been independent parties dealing at arm's length,

then, the income or losses of the buyer and the seller shall be computed for any purpose of the Tax Acts as if the goods had been sold by the seller to the buyer for the price which the goods would have fetched if the transaction had been a transaction between independent persons dealing at arm's length.

(4) For the purposes of subsection (3), a company shall be deemed to sell goods where and to the extent that for the purposes of this Part any amount receivable by it in payment for any trading activity is regarded as an amount receivable from the sale of goods, and “seller” and “buyer” shall be construed accordingly.

(5) The inspector may by notice in writing require a company making a claim for relief under this Part to furnish him or her with such information or particulars as may be necessary for the purposes of this section, and subsection (2) of section 448 shall apply as if the matters of which proof is required by that subsection included the information or particulars specified in a notice under this section.