HMRC - CTM61575 - Arrangements Conferring Benefit On Participators: TAAR: Tax Avoidance Arrangements

CTA10/S464A (1) (a)

The initial step in deciding whether Section 464A can apply is to consider whether or not the close company is a party to tax avoidance arrangements on or after 20 March 2013. It cannot apply unless there are tax avoidance arrangements.

For these purposes, arrangements are tax avoidance arrangements where the main purpose or one of the main purposes of the arrangements is

to avoid or reduce, or obtain a relief or increased relief from a S455 charge, or

to obtain a ‘tax advantage’ for the participator or associate

‘Arrangements’ has a broad meaning and is defined in CTA10/S464A (7).

There are examples of specific situations where the TAAR might apply at CTM61585.

Broadly, in most cases there will be a tax advantage for CTA10/S464A purposes where the arrangements result in:

(a) a relief from income tax or increased relief from income tax,

(b) a repayment of income tax or increased repayment of income tax,

(c) the avoidance or reduction of a charge to income tax or an assessment to income tax,

(d) the avoidance of a possible assessment to income tax

There is no specific timing restriction, the tax advantage and the arrangements can occur in any order.

Before arguing that Section 464A applies in any particular case, please refer with the papers to CTIS (Technical).

Previous page

Next page