HMRC - INTM286110 - Anti-Diversion Rule: Proportionate Reduction Where Tainted Relevant Transactions Arise

This applies for relevant periods beginning before 1 January 2013.

CTA09/S18I

Where condition B of the motive test in CTA09/S18H is met, but the transaction leg (condition A) of the motive test is not met and ”tainted” relevant transactions arise, CTA09/S18I reduces the relevant profits on a just and reasonable basis with regard to those tainted relevant transactions. As described at INTM286090, Condition B can be assumed to be met where there has been no significant change to the business over the relevant period and the business was previously carried on by a taxable permanent establishment or a foreign subsidiary that was not within the scope of the CFC legislation.

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