



Taxation of Chargeable Gains Act 1992

1992 CHAPTER 12

PART IV

SHARES, SECURITIES, OPTIONS ETC.

[^{F1}CHAPTER 4

ALTERNATIVE FINANCE ARRANGEMENTS]

[^{F1}Arrangements that are alternative finance arrangements]

[^{F1}151K Diminishing shared ownership arrangements

- (1) This section applies to arrangements if under them—
- (a) a [^{F2}person] (“the first owner”) acquires a beneficial interest in an asset,
 - [either—
 - ^{F3}(aa) (i) the first owner is a financial institution or a regulated home purchase plan provider, or
 - (ii) the arrangements are regulated electronic system facilitated arrangements,]
 - (b) another person (“the eventual owner”) also acquires a beneficial interest in it,
 - (c) the eventual owner is to make payments to the first owner amounting in aggregate to the consideration paid for the acquisition of the first owner's beneficial interest (but subject to any adjustment required for such a reduction as is mentioned in subsection (5)),
 - (d) the eventual owner is to acquire the first owner's beneficial interest (whether or not in stages) as a result of those payments,
 - (e) the eventual owner is to make other payments to the first owner (whether under a lease forming part of the arrangements or otherwise),
 - (f) the eventual owner has the exclusive right to occupy or otherwise to use the asset, and

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- (g) the eventual owner is exclusively entitled to any income, profit or gain arising from or attributable to the asset (including, in particular, an increase in its value).

[Arrangements are regulated electronic system facilitated arrangements if—

- ^{F4}(1A) (a) the arrangements substantially consist of an article 36H agreement in relation to the enjoyment by the eventual owner of the rights referred to in subsection (1)(f) and (g) before the eventual owner’s acquisition of the first owner’s beneficial interest,
- (b) the eventual owner would be regarded, for the purposes of that agreement, as the borrower under it,
 - (c) the first owner would be regarded, for the purposes of that agreement, as the lender under it,
 - (d) those owners becoming parties to the agreement was facilitated by an electronic system operated by a person who has permission under Part 4A of the Financial Services and Markets Act 2000 to carry on, in relation to that system, the regulated activity specified in article 36H(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 ([S.I. 2001/544](#)) (operating an electronic system in relation to lending).]

(2) For the purposes of subsection (1)(a) it does not matter if—

- (a) the first owner acquires its beneficial interest from the eventual owner,
- (b) the eventual owner, or another person who is not the first owner, also has a beneficial interest in the asset, or
- (c) the first owner also has a legal interest in it.

(3) Subsection (1)(f) does not prevent the eventual owner from granting an interest or right in relation to the asset if the conditions in subsection (4) are met.

(4) The conditions are that—

- (a) the grant is not to—
 - (i) the first owner,
 - (ii) a person controlled by the first owner, or
 - (iii) a person controlled by a person who also controls the first owner, and
- (b) the grant is not required by the first owner or arrangements to which the first owner is a party.

(5) Subsection (1)(g) does not prevent the first owner from—

- (a) having responsibility for any reduction in the asset's value, or
- (b) having a share in a loss arising out of any such reduction.

(6) Section 1124 of CTA 2010 (meaning of “control”) applies for the purposes of this section.

[In this section—

- ^{F5}(7) “article 36H agreement” has the meaning given by article 36H(4) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001; “borrower” and “lender” are to be construed in accordance with article 36H(9) of that Order;

“regulated home purchase plan provider” means a person who—

- (a) is carrying on the regulated activity specified in article 63F(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order

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2001 (entering into regulated home purchase plans as home purchase provider), and

(b) has permission under Part 4A of the Financial Services and Markets Act 2000 to do so.]

(7) This section is subject to section 151O (provision not at arm's length: exclusion of arrangements from section 151J, this section and sections 151L to 151N).]

Textual Amendments

- F1** S. 151K inserted (with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), **Sch. 2 para. 31** (with Sch. 9 paras. 1-9, 22)
- F2** Word in s. 151K(1)(a) substituted (24.5.2022) by The Alternative Finance (Income Tax, Capital Gains Tax and Corporation Tax) Order 2022 (S.I. 2022/572), arts. 1(2), **3(2)(a)** (with art. 1(3))
- F3** S. 151K(1)(aa) inserted (24.5.2022) by The Alternative Finance (Income Tax, Capital Gains Tax and Corporation Tax) Order 2022 (S.I. 2022/572), arts. 1(2), **3(2)(b)** (with art. 1(3))
- F4** S. 151K(1A) inserted (24.5.2022) by The Alternative Finance (Income Tax, Capital Gains Tax and Corporation Tax) Order 2022 (S.I. 2022/572), arts. 1(2), **3(3)** (with art. 1(3))
- F5** S. 151K(7) inserted (24.5.2022) by virtue of The Alternative Finance (Income Tax, Capital Gains Tax and Corporation Tax) Order 2022 (S.I. 2022/572), arts. 1(2), **3(4)** (with art. 1(3))

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act applied by [1997 c. 16 Sch. 12 para. 12\(7\)](#) [1314](#)
- Act applied by [2002 c. 23 Sch. 16 para. 48\(1\)\(2\)](#)
- Act construed as one with reg. 37 by [S.I. 2006/575 reg. 37\(2\)](#)
- Act construed as one with reg. 38 by [S.I. 2006/575 reg. 38\(3\)](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 4(10)(11) inserted by [2016 c. 11 s. 15\(4\)](#)
- s. 4(10) words inserted by [2016 c. 24 s. 83\(11\)](#)
- s. 35(3)(d)(xviii) added by [2008 c. 17 Sch. 7 para. 9](#)
- s. 35(3)(d)(xviii) inserted by [2008 c. 18 Sch. 13 para. 46](#)
- s. 35(3)(d)(xviii) repealed by [S.I. 2008/3002 Sch. 1 para. 42](#) [Sch. 3](#) (This amendment comes into force on the day 2008 c. 4, s. 5 comes into force, see art. 1(2). That provision was brought into force on 1.12.2008 by [S.I. 2008/3068](#), art. 2(1)(b))
- s. 104(4)(b)(i) words substituted by [S.I. 1989/469](#), reg. 27(2) (as amended) by [S.I. 1997/1716 reg. 13\(1\)\(b\)](#)
- s. 107(11) words substituted by [S.I. 1989/469](#), reg. 27(2A) (as amended) by [S.I. 1997/1716 reg. 13\(2\)\(b\)](#)
- s. 169S(4A) inserted by [2015 c. 11 s. 43\(2\)](#)
- s. 587B inserted by [2000 c. 17 s. 43\(1\)](#)
- Sch. 5C para. 3(1) modified by [S.I. 2004/2199 reg. 7\(1\)](#)
- Sch. 5C para. 3(6) modified by [S.I. 2004/2199 reg. 7\(2\)](#)
- Sch. 5C para. 5(1) modified by [S.I. 2004/2199 reg. 7\(3\)](#)
- Sch. 5C para. 3 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 5 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 6 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 3(1)(f) words substituted by [2007 c. 3 Sch. 1 para. 347](#)