



# Taxation (International and Other Provisions) Act 2010

## 2010 CHAPTER 8

### [<sup>F1</sup>PART 9A

#### CONTROLLED FOREIGN COMPANIES

#### CHAPTER 18

#### CONTROL ETC

#### [<sup>F1</sup>371RB] Legal and economic control

- (1) A person (“P”) “controls” a company (“C”) if—
  - (a) by means of the holding of shares or the possession of voting power in or in relation to C or any other company, or
  - (b) by virtue of any powers conferred by the articles of association or other document regulating C or any other company,

P has the power to secure that the affairs of C are conducted in accordance with P's wishes.
- (2) A person (“P”) “controls” a company (“C”) if it is reasonable to suppose that P would—
  - (a) if the whole of C's share capital were disposed of, receive (directly or indirectly and whether at the time of the disposal or later) over 50% of the proceeds of the disposal,
  - (b) if the whole of C's income were distributed, receive (directly or indirectly and whether at the time of the distribution or later) over 50% of the distributed amount, or
  - (c) in the event of the winding-up of C or in any other circumstances, receive (directly or indirectly and whether at the time of the winding-up or other

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**Changes to legislation:** There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Section 371RB. (See end of Document for details)

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circumstances or later) over 50% of C's assets which would then be available for distribution.

- (3) For the purposes of subsection (2) any rights which P has as a relevant bank are to be ignored.
- (4) In subsection (2)—
- (a) in paragraph (a) the reference to C's share capital is to C's share capital excluding any share capital held by relevant banks,
  - (b) in determining for the purposes of paragraph (b) the percentage of the distributed amount which it is reasonable to suppose P would receive, ignore any rights of a relevant bank which would entitle the bank directly to receive a percentage of the distributed amount at the time of the distribution, and
  - (c) in determining for the purposes of paragraph (c) the percentage of C's assets which it is reasonable to suppose P would receive, ignore any rights of a relevant bank which would entitle the bank directly to receive a percentage of C's assets at the time of the winding-up or other circumstances.
- (5) “Relevant bank” means a person (“RB”) who—
- (a) carries on banking business which is regulated in the territory in which RB is resident, and
  - (b) is acting, in the ordinary course of that business, in relation to money lent to C by RB in the ordinary course of that business.
- (6) In subsections (2) and (4) references to P receiving any proceeds, amount or assets include references to the proceeds, amount or assets being applied (directly or indirectly) for P's benefit.
- (7) If two or more persons, taken together, meet the requirement of subsection (1) or (2) for controlling a company, those persons are taken to control the company.]

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**Textual Amendments**

**F1** Pt. 9A inserted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), **Sch. 20 para. 1** (with ss. 56-58)

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**Modifications etc. (not altering text)**

**C1** S. 371RB applied by 2009 c. 4, s. 931E(4)(6) (as substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), **Sch. 20 para. 31** (with [Sch. 20 para. 53](#)))

**Changes to legislation:**

There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Section 371RB.