



Finance Act 2005

2005 CHAPTER 7

PART 2

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 5

ALTERNATIVE FINANCE ARRANGEMENTS

Arrangements giving rise to alternative finance return

48 Arrangements within section 47: foreign currency and non-residents

- (1) If alternative finance return is paid in a currency other than sterling—
- by or to a person other than a company, and
 - otherwise than for the purposes of a trade, profession or vocation or a property business,

then, as respects that person, the effective return for the purposes of section 47 and the appropriate amount for the purposes of subsection (7) of that section are to be calculated in the other currency and the amount of each payment of alternative finance return is to be translated into sterling at a spot rate of exchange for the day on which the payment is made.

- (2) In section 148 of FA 2003 (meaning of “permanent establishment”) after subsection (5) insert—

“(5A) Where alternative finance return as defined by subsection (5) of section 47 of the Finance Act 2005 is paid to a company that is not resident in the United Kingdom, the company is not regarded as having a permanent establishment in the United Kingdom merely by virtue of anything done for the purposes of the arrangements falling within that section by the other party to the arrangements or by any other person acting for the company in relation to the arrangements.”

Status: Point in time view as at 19/07/2006. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005, Section 48. (See end of Document for details)

- (3) In section 127 of FA 1995 (persons not treated as UK representatives) in subsection (1), at the end of paragraph (c) but before the “and” insert—
- “(cc) where the income consists of alternative finance return, as defined by subsection (5) of section 47 of the Finance Act 2005, the other party to the arrangements falling within that section or any other person acting for the non-resident in relation to the arrangements;”.

Status:

Point in time view as at 19/07/2006. This version of this provision has been superseded.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2005, Section 48.