



Finance Act 2005

2005 CHAPTER 7

PART 2

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 5

ALTERNATIVE FINANCE ARRANGEMENTS

Treatment of alternative finance arrangements

[^{F1}54A. Treatment of section 47, 49 and 49A arrangements as loans: Community Investment Tax Relief

- (1) This section has effect for the purposes of the following enactments (“the specified enactments”)—
 - (a) Schedule 16 to FA 2002,
 - (b) Part 7 of ITA 2007,
 - (c) regulations made under or having effect as if made under paragraph 4 of Schedule 16 to FA 2002, and
 - (d) regulations made under section 340 or 341 of ITA 2007.
- (2) The specified enactments have effect as if—
 - (a) references to a loan included references to arrangements falling within section 47, 49 or 49A [^{F2}of this Act or section 503, 505 or 506 of CTA 2009], and
 - (b) references to interest included references to alternative finance return ^{F3}....
- (3) Where arrangements fall within section 47 [^{F4}of this Act or section 503 of CTA 2009], the specified enactments have effect in relation to those arrangements as if—
 - (a) X is treated as making a loan to Y equal to the purchase price paid by X for the asset,

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005, Section 54A. (See end of Document for details)

- (b) if the arrangements provide that X will transfer ownership of the asset to Y in instalments—
 - (i) references to the loan being drawn down over a period of time include references to the asset being transferred to Y in instalments,
 - (ii) references to the date on which the first amount of the loan is drawn down include references to the date on which the first instalment is transferred to Y, and
 - (iii) references to the amount drawn down at a given date include references to the value of the instalments transferred at that date,
 - (c) in calculating the amount of capital outstanding on the loan each payment of the sale price (or part thereof), less any amount of alternative finance return included within each payment, is treated as a repayment of the loan capital,
 - (d) references to the beneficial owner of the loan include references to the person beneficially entitled to payment of the sale price,
 - (e) references to the disposal of the whole or any part of the loan include references to the disposal of the right to receive payment of the whole or any part of the outstanding sale price.
- (4) If arrangements which fall within section 47 [^{F5}of this Act or section 503 of CTA 2009] are, pursuant to the application of this section, qualifying investments under Part 3 of Schedule 16 to FA 2002 or Chapter 3 of Part 7 of ITA 2007, paragraph 35 of Schedule 16 to FA 2002 or section 366 of ITA 2007 has effect in relation to that arrangement as if sub-paragraph (1)(f) or subsection (1)(f) were omitted.
- (5) Where arrangements fall within section 49 [^{F6}of this Act or section 505 of CTA 2009], the specified enactments have effect in relation to the arrangements as if—
- (a) the depositor is treated as making a loan to the financial institution equal to the money deposited,
 - (b) if the arrangements provide that the depositor will deposit a sum of money with the financial institution in instalments—
 - (i) references to the loan being drawn down over a period of time include references to the depositor depositing a sum of money to the financial institution in instalments,
 - (ii) references to the date on which the first amount of the loan is drawn down include references to the date on which the first instalment is deposited with the financial institution, and
 - (iii) references to the amount of an investment drawn down at a given date include references to the value of the instalments deposited with the financial institution at that date,
 - (c) the capital outstanding on the loan is equal to the balance of the repayable deposit and references to any repayment of the loan include references to any repayment of the deposit,
 - (d) references to the beneficial owner of the loan include references to the person beneficially entitled to repayment of the deposit,
 - (e) references to the disposal of the whole or any part of the loan include references to the disposal of the right to receive repayment of the whole or any part of the deposit.
- (6) Where arrangements fall within section 49A [^{F7}of this Act or section 506 of CTA 2009], the specified enactments have effect in relation to the arrangements as if—

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- (a) the principal is treated as making a loan to the agent equal to the money provided by the principal to the agent,
- (b) if the arrangements provide that the principal will provide a sum of money to the agent in instalments—
 - (i) references to the loan being drawn down over a period of time include references to the principal providing a sum of money to the agent in instalments,
 - (ii) references to the date on which the first amount of the loan is drawn down include references to the date on which the first instalment is provided to the agent, and
 - (iii) references to the amount of an investment drawn down at a given date include references to the value of the instalments provided to the agent at that date,
- (c) the capital outstanding on the loan is equal to the balance of the repayable money provided to the agent and references to any repayment of the loan include references to any repayment of the money provided to the agent,
- (d) references to the beneficial owner of the loan include references to the person beneficially entitled to repayment of the money provided to the agent,
- (e) references to the disposal of the whole or any part of the loan include references to the disposal of the right to receive repayment of the whole or any part of the money provided to the agent.]

Textual Amendments

- F1** S. 54A inserted (10.7.2008) by [The Alternative Finance Arrangements \(Community Investment Tax Relief\) Order 2008 \(S.I. 2008/1821\)](#), arts. 1, 2
- F2** Words in s. 54A(2)(a) inserted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 658\(a\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F3** Words in s. 54A(2)(b) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 658\(b\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))
- F4** Words in s. 54A(3) inserted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 658\(c\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F5** Words in s. 54A(4) inserted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 658\(c\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F6** Words in s. 54A(5) inserted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 658\(d\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F7** Words in s. 54A(6) inserted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 658\(e\)](#) (with [Sch. 2 Pts. 1, 2](#))

Status:

Point in time view as at 01/04/2009. This version of this provision has been superseded.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2005, Section 54A.