

SCHEDULES

SCHEDULE 5

AVOIDANCE INVOLVING FINANCIAL ARRANGEMENTS

Manufactured payments under arrangements having an unallowable purpose

- 9 (1) In paragraph 7A(10) of Schedule 23A to ICTA (manufactured payments under arrangements having an unallowable purpose), in the definition of “manufactured payment”, after paragraph (c) insert—
- “(d) any payment which by virtue of paragraph 7(1) constitutes a fee;”.
- (2) The amendment made by sub-paragraph (1) has effect in relation to payments made (or treated as made) on or after 6th December 2006.
- (3) But, in the case of any payment made (or treated as made) by a company in pursuance of old arrangements, that amendment has no effect in relation to so much of the payment as (on such just and reasonable apportionments as may be necessary) represents any old taxable income or gains arising or accruing to the company as a result of those arrangements.
- (4) For this purpose—
- “old arrangements” means arrangements in pursuance of which (or of any part of which) a transaction has taken place before 6th December 2006, and
- “old taxable income or gains arising or accruing” means income or gains within the charge to corporation tax arising or accruing (or treated as arising or accruing) before that date.