



# Taxation (International and Other Provisions) Act 2010

## 2010 CHAPTER 8

### PART 4

#### TRANSFER PRICING

#### CHAPTER 4

##### POSITION, IF ONLY ONE AFFECTED PERSON POTENTIALLY ADVANTAGED, OF OTHER AFFECTED PERSON

##### *Treatment of interest where claim made*

#### **187 Tax treatment if actual interest exceeds arm's length interest**

- (1) Subsection (6) applies if the following conditions are met.
- (2) Condition A is that interest is paid by any person under the actual provision.
- (3) Condition B is that section 147(3) or (5) applies in relation to the actual provision.
- (4) Condition C is—
  - (a) that the amount (“ALINT”) of interest that would have been payable under the arm's length provision is less than the amount of interest paid under the actual provision, or
  - (b) that there would not have been any interest payable under the arm's length provision (so that ALINT is nil).
- (5) Condition D is that the person receiving the interest paid under the actual provision makes—
  - (a) a claim under section 174, or
  - (b) a section 182 claim.

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**Changes to legislation:** There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Section 187. (See end of Document for details)

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- (6) The interest paid under the actual provision, so far as it exceeds ALINT—
- (a) is not to be regarded as chargeable under Chapter 2 of Part 4 of ITTOIA 2005,
  - (b) is not subject to the provisions of Part 15 of ITA 2007 (deduction of income tax at source), and
  - (c) is not required to be brought into account under Part 5 of CTA 2009 (loan relationships) as a non-trading credit.

**Changes to legislation:**

There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Section 187.