



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.

Status: This is the original version (as it was originally enacted).

- (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.