



# Taxation (International and Other Provisions) Act 2010

## 2010 CHAPTER 8

### PART 6

#### TAX ARBITRAGE

##### *Deduction schemes*

#### **241 Scheme including issue of shares not conferring qualifying beneficial entitlement**

- (1) A scheme is a deduction scheme if—
  - (a) it includes a company issuing shares to a connected person, and
  - (b) the shares do not meet conditions A, B and C.
- (2) Condition A is that on their issue the shares are ordinary shares that are fully paid-up.
- (3) Condition B is that when the issue takes place there is no arrangement or understanding under which the rights attaching to the shares may be amended.
- (4) Condition C is that, at all times in the accounting period of the company in which the issue takes place, each of the shares confers a beneficial entitlement to the appropriate proportion of—
  - (a) any profits available for distribution to equity holders of the company, and
  - (b) any assets of the company available for distribution to its equity holders on a winding-up.
- (5) For the purposes of subsection (4) the appropriate proportion, in relation to a share, is the same as the proportion of the issued share capital represented by that share.
- (6) Chapter 6 of Part 5 of CTA 2010 (equity holders and profits or assets available for distribution) applies for the purposes of subsection (4) as it applies for the purposes of the provisions specified in section 157(1) of that Act.