



Taxation (International and Other Provisions) Act 2010

2010 CHAPTER 8

PART 6

TAX ARBITRAGE

Consequences of deduction notices

246 Cases where payee's non-liability treated as not a result of scheme

- (1) This section sets out two cases in which condition C in section 245(4) (which requires that as a result of the deduction scheme the payee is not liable to tax in respect of the whole or part of certain payments) is treated as not met.
- (2) The first case is where the reason why the payee is not liable to tax is that under the tax law of any territory the payee is not liable to tax on any income or gains received by the payee or received for the payee's benefit.
- (3) The second case is where, or to the extent that, the payee is not subject to tax because an exemption within subsection (4) applies.
- (4) An exemption is within this subsection if—
 - (a) it exempts a person from being liable to tax in respect of income or gains, without providing for that income or those gains to be treated as the income or gains of another person, and
 - (b) it is conferred by a provision contained in, or having the force of, an Act or by a provision of the tax law of any territory outside the United Kingdom.