



Finance Act 2015

2015 CHAPTER 11

PART 3

DIVERTED PROFITS TAX

Interpretation

106 “The participation condition”

- (1) This section applies for the purposes of sections 80 and 86(2).
- (2) In this section “the first party” and “the second party” mean—
 - (a) where this section applies for the purposes of section 80, C and P (within the meaning of section 80) respectively, and
 - (b) where this section applies for the purposes of section 86(2), the foreign company and A (within the meaning of section 86) respectively.
- (3) The participation condition is met in relation to the first party and the second party (“the relevant parties”) if—
 - (a) condition A is met in relation to the material provision so far as the material provision is provision relating to financing arrangements, and
 - (b) condition B is met in relation to the material provision so far as the material provision is not provision relating to financing arrangements.
- (4) Condition A is that, at the time of the making or imposition of the material provision or within the period of 6 months beginning with the day on which the material provision was made or imposed—
 - (a) one of the relevant parties was directly or indirectly participating in the management, control or capital of the other, or
 - (b) the same person or persons was or were directly or indirectly participating in the management, control or capital of each of the relevant parties.
- (5) Condition B is that, at the time of the making or imposition of the material provision—

Status: This is the original version (as it was originally enacted).

- (a) one of the relevant parties was directly or indirectly participating in the management, control or capital of the other, or
 - (b) the same person or persons was or were directly or indirectly participating in the management, control or capital of each of the relevant parties.
- (6) In this section “financing arrangements” means arrangements made for providing or guaranteeing, or otherwise in connection with, any debt, capital or other form of finance.
- (7) For the purposes of this section—
- (a) section 157(2) of TIOPA 2010 (“direct participation”) applies, and
 - (b) sections 158 to 163 of that Act (“indirect participation” in management, control or capital of a person) apply as if in those sections—
 - (i) references to section 148(2) of that Act included references to subsection (4) of this section,
 - (ii) references to paragraph (a) or (b) of section 148(2) of that Act included (respectively) references to paragraph (a) or (b) of subsection (4) of this section,
 - (iii) references to section 148(3) of that Act included references to subsection (5) of this section, and
 - (iv) references to paragraph (a) or (b) of section 148(3) of that Act included (respectively) references to paragraph (a) or (b) of subsection (5) of this section.