



Income Tax Act 2007

2007 CHAPTER 3

PART 13

TAX AVOIDANCE

[^{F1}CHAPTER 5B

FINANCE ARRANGEMENTS]

[^{F1}Type 2 arrangements

[^{F1}809BZ] **Certain tax consequences not to have effect**

- (1) This section applies if—
 - (a) there is a type 2 finance arrangement, and
 - (b) any relevant change in relation to the partnership would have the relevant effect (ignoring this section).
- (2) In such a case—
 - (a) Part 9 of ITTOIA 2005 (partnerships) is to have effect in relation to the transferor [^{F2}or the person connected with the transferor] as if the relevant change in relation to the partnership had not occurred, and
 - (b) accordingly the finance arrangement is not to have the relevant effect.
- (3) The relevant effect is that—
 - (a) an amount of income on which the transferor [^{F2}or the person connected with the transferor] would otherwise have been charged to income tax is not so charged,
 - (b) an amount which would otherwise have been brought into account in calculating for income tax purposes any income of the transferor [^{F2}or the person connected with the transferor] is not so brought into account, or

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- (c) the transferor [^{F2}or the person connected with the transferor] becomes entitled to an income deduction.
- (4) In deciding whether subsection (1)(b) is met assume that amounts of income equal to the payments mentioned in section 809BZF(2)(e) were payable to the partnership before the relevant change in relation to it occurred.
- (5) An income deduction is—
 - (a) a deduction in calculating income for income tax purposes, or
 - (b) a deduction from total income.]

Textual Amendments

- F1** Ss. 809BZF-809BZI and cross-heading inserted (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\), Sch. 5 para. 3](#) (with [Sch. 9 paras. 1-9, 22](#))
- F2** Words in s. 809BZH inserted (17.7.2012) (with effect in accordance with Sch. 13 para. 42 of the amending Act) by [Finance Act 2012 \(c. 14\), Sch. 13 para. 35](#)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 24B inserted by [2023 c. 30 Sch. 2 para. 10\(3\)](#)
- s. 788(7) inserted by [2007 c. 29 Sch. 21 para. 161\(b\)](#) (The amending provision was repealed before coming into force.)