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**Amendment 79**

Leave out “issued by the advantaged person”

**EXPLANATORY NOTE**

**SUMMARY**

1. This amendment broadens the scope of paragraph 7B , enabling paragraph 7B elections to be made in a wider range of circumstances

**DETAILS**

2. Paragraph 7B deals with loans (referred to as “securities”) made in the course of a securitisation.
3. As drafted in the Bill, one of the conditions for an election to be made under paragraph 7B is that the security must be issued by the “advantaged person”. This is the person to whom the transfer pricing or thin capitalisation adjustment applies.
4. This makes an election possible where the borrower is the advantaged person but not where the lender is the advantaged person . Although it will often be the case that the borrower is the person to whom the transfer pricing adjustment applies, there are circumstances where the rules may affect the lender.
5. The amendment allows an election to be made in either circumstance.

**BACKGROUND NOTE**

6. An election under paragraph 7B may be made by the person referred to as the “disadvantaged person”, who is the person who claims a compensating adjustment. Instead of making a balancing payment, the election allows that person to accept the tax liability of the advantaged person, to the extent that the liability results from a transfer pricing adjustment that the paragraph refers to.