**INTM489825 - CHART 3: Effective Tax Mismatch Outcome (Sections 107 & 108)**

YES

NO

“**First party**” = ‘C’ re section 80; ‘Foreign company’ re section 86

“**Second party**” = ‘P’ re section 80; ‘A’ re section 86

“**Relevant tax**” = corporation tax, ring-fence trade tax, income tax, any non-UK tax on income (per section 107(8)).

Does the material provision result, in the accounting period in relation to a relevant tax, in expenses of the first party for which a deduction has been taken into account in computing the amount of the relevant tax payable by the first party?

Does the material provision result, in the accounting period in relation to a relevant tax, in a reduction in the income of the first party which would otherwise have been taken into account in computing the amount of a relevant tax payable by the first party?

Does the resulting deduction in the amount of the relevant tax payable by the first party exceed the resulting increase in relevant taxes payable by the second party for the corresponding accounting period?

There is no ‘effective tax mismatch outcome’

Do the results arise solely by reason of:

1. Contributions by employer to pension scheme re an individual, or
2. Payment to a charity, or
3. Payment to a person who is not liable to relevant tax by reason of sovereign immunity, or
4. A payment to an offshore fund or authorised investment fund:
5. Which meets the genuine diversity of ownership condition, or
6. In which at least 75% of investors are parties within (a) to (c) above?

Is the resulting increase in relevant taxes payable by the second party at least 80% of the amount of the resulting reduction in the amount of relevant tax payable by the first party?

**There is an ‘effective tax mismatch outcome’**

NO

YES

NO

YES

YES

NO

NO