

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, SCHEDULE 6. (See end of Document for details)

SCHEDULES

SCHEDULE 6

Section 76

AVOIDANCE INVOLVING FINANCIAL ARRANGEMENTS

Repeal of rent factoring provisions

- 1 (1) Sections 43A to 43G of ICTA (rent factoring) shall cease to have effect.
- (2) The amendment made by this paragraph has effect in relation to transactions entered into on or after 6th June 2006.

Dividend stripping: subsequent sales etc of rights to receive dividends etc

- 2 (1) Section 730 of ICTA (transfers of rights to receive distributions in respect of shares) is amended as follows.
- (2) Omit subsection (3) (proceeds of subsequent sales etc of rights to receive distributions not to be regarded as income of the seller etc).
- (3) The amendment made by this paragraph has effect in relation to sales or other realisations on or after 20th January 2006.

Deemed interest: cash collateral under stock lending arrangements

F13

Textual Amendments

- F1 [Sch. 6 para. 3](#) omitted (retrospective and with effect in accordance with Sch. 24 paras. 12, 13-16 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 24 paras. 9\(d\), 12](#)

Quasi-stock lending arrangements and quasi-cash collateral

F24

Textual Amendments

- F2 [Sch. 6 para. 4](#) omitted (retrospective and with effect in accordance with Sch. 24 paras. 12, 13-16 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 24 paras. 9\(d\), 12](#)

Multiple holders of securities subject to sale and repurchase agreement: no relief for deemed manufactured payments

5 F3

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Textual Amendments

- F3** Sch. 6 para. 5 repealed (with effect in accordance with s. 47 of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [s. 114](#), {Sch. 27 Pt. 2(14) Note}

Structured finance arrangements: factoring of income receipts etc

F46

Textual Amendments

- F4** Sch. 6 para. 6 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 2](#) (with [Sch. 2](#)) and repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 10 Pt. 10](#) (with [Sch. 9 paras. 1-9, 22](#))

Rent factoring of leases of plant or machinery

F57

Textual Amendments

- F5** [Sch. 6 para. 7](#) omitted (with effect in accordance with [Sch. 25 para. 10](#) of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 25 para. 9\(3\)\(g\)](#)

Transactions associated with loans or credit

F68

Textual Amendments

- F6** Sch. 6 para. 8 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 2](#) (with [Sch. 2](#)) and repealed (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. 10 Pt. 10](#) (with [Sch. 9 paras. 1-9, 22](#))

Structured finance arrangements: chargeable gains treatment of acquisitions and disposals

- 9 (1) After section 263D of TCGA 1992 (gains accruing to persons paying manufactured dividends) insert—

Structured finance arrangements

“263E Structured finance arrangements

- (1) This section applies if—
 - (a) section 774B of the Taxes Act (disregard of intended effects of arrangement involving disposals of assets) applies in relation to a structured finance arrangement,

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- (b) the borrower or a person connected with the borrower makes a disposal of any security at any time under the arrangement to or for the benefit of the lender or a person connected with the lender, and
 - (c) condition A or B is met.
- (2) Condition A is that the person making the disposal subsequently acquires under the arrangement the asset disposed of by that disposal.
- (3) Condition B is that—
- (a) the asset disposed of by that disposal subsequently ceases to exist at any time, and
 - (b) that asset was held by the lender, or a person connected with the lender, from the time of the disposal until that time.
- (4) The disposal of the security by the borrower or a person connected with the borrower is to be disregarded for the purposes of this Act.
- (5) Any subsequent acquisition by the person making the disposal of the asset disposed of by that disposal is to be disregarded for the purposes of this Act.
- (6) In this section—
- “the borrower”, in relation to a structured finance arrangement, means the person who is the borrower under the arrangement for the purposes of section 774A of the Taxes Act,
 - “the lender”, in relation to a structured finance arrangement, means the person who is the lender under the arrangement for the purposes of that section,
 - “security” means any such asset as is mentioned in subsection (2) (c) and (d) of that section.
- (7) For the purposes of this section—
- (a) references to a person connected with the borrower do not include the lender, and
 - (b) references to a person connected with the lender do not include the borrower.”.
- (2) The amendment made by this paragraph has effect in relation to disposals made on or after 6th June 2006.
- (3) The amendment made by this paragraph also has effect in relation to any disposal made by a person before that date if the person makes a claim to that effect under this sub-paragraph.

Loan relationships: mandatory convertibles

- 10 F⁷(1)
- F⁷(2)
- F⁷(3)

- (4) The following provisions of this paragraph apply for the purposes of TCGA 1992 if—
- (a) a company is a party to a relationship on 22nd March 2006,

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- (b) the relationship becomes a loan relationship on that date for the purposes of Chapter 2 of Part 4 of FA 1996 as a result of the amendments made by this paragraph,
 - (c) the relationship is a creditor relationship of the company, and
 - (d) immediately before that date the asset representing the relationship was a chargeable asset in relation to the company.
- (5) The company is treated as if—
- (a) it had made a disposal of the asset representing the relationship immediately before 22nd March 2006, and
 - (b) the disposal had been for a consideration equal to the fair value of the asset at that time (within the meaning given by section 103(1) of FA 1996).
- (6) Any chargeable gain or loss accruing to the company on the disposal is treated as accruing to the company when it ceases to be a party to the relationship.
- (7) For the purposes of this paragraph an asset is a chargeable asset in relation to the company at any time if any gain accruing to it on the disposal of the asset at that time would be a chargeable gain for the purposes of TCGA 1992.

Textual Amendments

F7 Sch. 6 para. 10(1)-(3) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Loan relationships: computation in accordance with generally accepted accounting practice

^{F8}11

Textual Amendments

F8 Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Loan relationships: amounts not fully recognised for accounting purposes

^{F8}12

Textual Amendments

F8 Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Shares treated as loan relationships: shares subject to outstanding third party obligations

^{F8}13

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Textual Amendments

F8 Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Shares treated as loan relationships: application of rules to non-qualifying shares

F814

Textual Amendments

F8 Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Shares treated as loan relationships: redeemable shares

F815

Textual Amendments

F8 Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Creditor relationships and benefit derived by connected persons

F816

Textual Amendments

F8 Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Loan relationships: money debts etc not arising from the lending of money

F817

Textual Amendments

F8 Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Loan relationships: meaning of “fair value” in Chapter 2 of Part 4 of FA 1996

F818

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Textual Amendments

F8 Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Loan relationships: continuity of treatment of groups etc

^{F8}19

Textual Amendments

F8 Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Loan relationships: repo and stock-lending arrangements

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Textual Amendments

F9 Sch. 6 para. 20 repealed (with effect in accordance with s. 47 of the amending Act) by Finance Act 2007 (c. 11), s. 114, {Sch. 27 Pt. 2(14) Note}

Derivative contracts: computation in accordance with generally accepted accounting practice

^{F10}21

Textual Amendments

F10 Sch. 6 paras. 21-24 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Derivative contracts: transactions within groups

^{F10}22

Textual Amendments

F10 Sch. 6 paras. 21-24 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Derivative contracts: transactions within groups (fair value accounting)

^{F10}23

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Textual Amendments

F10 Sch. 6 paras. 21-24 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Derivative contracts: meaning of “fair value” in Schedule 26 to FA 2002

F10²⁴

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Textual Amendments

F10 Sch. 6 paras. 21-24 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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