Status: This is the original version (as it was originally enacted).

SCHEDULES

SCHEDULE 6

AVOIDANCE INVOLVING FINANCIAL ARRANGEMENTS

Loan relationships: continuity of treatment of groups etc

- 19 (1) In Schedule 9 to FA 1996 (loan relationships: special computational provisions) paragraph 12 (continuity of treatment: groups etc) is amended as follows.
 - (2) In sub-paragraph (2A) (paragraph 12 not to apply where transferor uses fair value accounting)—
 - (a) in the opening words, for "uses" substitute "is regarded for the purposes of this sub-paragraph as using", and
 - (b) for paragraph (aa) (treatment of transferee in respect of the transaction) substitute—
 - "(aa) for any accounting period in which it is a party to the relationship, the transferee company shall be treated for the purpose of determining the credits and debits to be brought into account for the purposes of this Chapter in respect of the relationship as if it had acquired the asset or liability representing the relationship for a consideration equal to the amount mentioned in paragraph (a) above (but on the assumption that sub-paragraph (2C)(b) below is omitted)."
 - (3) After that sub-paragraph insert—
 - "(2B) The transferor company shall be regarded for the purposes of subparagraph (2A) above as using fair value accounting as respects the loan relationship only if—
 - (a) it uses fair value accounting as respects the relationship and the debits and credits to be brought into account for the purposes of this Chapter as respects the relationship are also determined on that basis, or
 - (b) it does not use fair value accounting as respects the relationship but the debits and credits to be brought into account for the purposes of this Chapter as respects the relationship are determined on that basis.".
 - (4) After sub-paragraph (2B) (as inserted by sub-paragraph (3) above) insert—
 - "(2C) In any case where a discount (within the meaning given by section 100(3A)) arises in respect of the transaction, the series of transactions or the transfer—
 - (a) the consideration for the purposes of sub-paragraph (2)(a) above is to be increased by the amount of the discount;

- (b) the amount to be brought into account by virtue of subparagraph (2A)(a)(i) above is to be increased by the amount of the discount.".
- (5) The amendments made by this paragraph have effect in any case where the relevant transaction is on or after 22nd March 2006.
- (6) For this purpose "the relevant transaction" means—
 - (a) the related transaction mentioned in paragraph 12(1)(a) of Schedule 9 to FA 1996.
 - (b) the first of the series of transactions mentioned in paragraph 12(1)(b) of that Schedule, or
 - (c) the transfer mentioned in paragraph 12(1)(c) or (d) of that Schedule, as a result of which paragraph 12 of that Schedule applies or, but for subparagraph (2A) of that paragraph, would apply.