



Corporation Tax Act 2009

2009 CHAPTER 4

PART 6

RELATIONSHIPS TREATED AS LOAN RELATIONSHIPS ETC

CHAPTER 2

RELEVANT NON-LENDING RELATIONSHIPS

Introduction: meaning of “relevant non-lending relationship” etc

478 Relevant non-lending relationships: introduction

- (1) This Chapter provides for Part 5 to apply to relevant non-lending relationships in relation to some matters as it applies to loan relationships (see section 481).
- (2) For the meaning of “relevant non-lending relationship”, see—
 - (a) section 479 (relevant non-lending relationships not involving discounts), and
 - (b) section 480 (relevant non-lending relationships involving discounts).
- (3) For provisions extending the meaning of “money debt” and “interest” in this Chapter, see—
 - (a) section 483 (exchange gains and losses: amounts treated as money debts), and
 - (b) section 484 (provision not at arm's length: meaning of “interest” and “money debt”).
- (4) For exclusions from this Chapter, see—
 - (a) section 485 (exclusion of debts where profits or losses within Part 7 or 8), and
 - (b) section 486 (exclusion of exchange gains and losses in respect of tax debts etc).

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479 Relevant non-lending relationships not involving discounts

- (1) A company has a relevant non-lending relationship if—
- (a) the company stands, or has stood, in the position of a creditor or debtor in relation to a money debt,
 - (b) the money debt did not arise from a transaction for the lending of money (and so, because of section 302(1)(b), there is no loan relationship), and
 - (c) the money debt is one of the kinds mentioned in subsection (2).
- (2) The kinds of debt are—
- (a) a debt on which interest is payable to or by the company,
 - (b) a debt in relation to which exchange gains or losses arise to the company,^{F1}...
 - (c) a debt in relation to which an impairment loss (or credit in respect of the reversal of an impairment loss) [^{F2}or release debit] arises to the company in respect of an unpaid (or previously unpaid) business payment^{F3}, and
 - (d) a debt in relation to which a relevant deduction has been allowed to the company and which is released.]
- (3) In subsection [^{F4}(2)(c)] “business payment” means a payment which, if it were paid, would fall to be brought into account for corporation tax purposes as a receipt of a trade, UK property business or overseas property business carried on by the company.
- [^{F5}(3A) In subsection (2)(d) “relevant deduction” means a deduction allowed in calculating the profits of a trade, UK property business or overseas property business.]
- (4) For the meaning of “money debt” and “interest” in this Chapter, see—
- (a) section 483 (exchange gains and losses: amounts treated as money debts) and
 - (b) section 484 (provision not at arm's length: meaning of “interest” and “money debt”).
- (5) For the meaning of “exchange gains or losses”, see section 475.
- (6) This section is subject to section 485 (exclusion of debts where profits or losses within Part 7 or 8).

Textual Amendments

- F1** Word in s. 479(2)(b) omitted (22.4.2009 retrospective) by virtue of [Finance Act 2009 \(c. 10\), s. 42\(5\)\(a\)\(12\)](#)
- F2** Words in s. 479(2)(c) inserted (22.4.2009 retrospective) by [Finance Act 2009 \(c. 10\), s. 42\(5\)\(b\)\(12\)](#)
- F3** S. 479(2)(d) and word inserted (22.4.2009 retrospective) by [Finance Act 2009 \(c. 10\), s. 42\(5\)\(c\)\(12\)](#)
- F4** Word in s. 479(3) substituted (22.4.2009 retrospective) by [Finance Act 2009 \(c. 10\), s. 42\(6\)\(12\)](#)
- F5** S. 479(3A) inserted (22.4.2009 retrospective) by [Finance Act 2009 \(c. 10\), s. 42\(7\)\(12\)](#)

480 Relevant non-lending relationships involving discounts

- (1) A company has a relevant non-lending relationship if—
- (a) the company stands in the position of creditor in relation to a money debt,
 - (b) the money debt did not arise from a transaction for the lending of money (and so, because of section 302(1)(b), there is no loan relationship),
 - (c) the money debt is one from which a discount arises to the company,

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- (d) the discount does not fall to be brought into account under section 509 (treatment of alternative finance arrangements as loan relationships etc) as a result of arrangements to which section 503 (purchase and resale arrangements) applies, and
 - (e) in a case where the money debt is some or all of the consideration payable for a disposal of property, conditions A and B are met.
- (2) Condition A is that the property in question is not—
- (a) an asset representing a loan relationship the disposal of which is a disposal to which subsection (3) applies, or
 - (b) an asset representing a derivative contract the disposal of which is such a disposal.
- (3) This subsection applies to a disposal if—
- (a) section 340 (group transfers and transfers of insurance business: transfer at notional carrying value) applies to it or would apply apart from section 341 (transferor using fair value accounting),
 - (b) section 625 (group member replacing another as party to derivative contract) applies to it or would apply apart from section 628 (transferor using fair value accounting), or
 - (c) the whole of the consideration for the disposal is brought into account for the purposes of Part 5 (loan relationships) or Part 7 (derivative contracts).
- (4) Condition B is that, assuming that the money debt will be paid in full, it does not fall to be brought into account for corporation tax purposes as a trading receipt of the company.
- (5) For the purposes of this section, a discount is, in particular, taken to arise from a money debt if—
- (a) there is a sale of property for consideration some or all of which is money which falls to be paid after the sale,
 - (b) the amount or value of the whole consideration exceeds what the purchaser would have paid for the property if payment in full had been required at the time of the sale, and
 - (c) some or all of the excess can reasonably be regarded as representing a return on an investment of money at interest (and so as being a discount arising from the money debt).
- (6) It does not matter for the purposes of subsection (1)(c) whether the discount is of a revenue or capital nature.
- (7) This section is subject to section 485 (exclusion of debts where profits or losses within Part 7 or 8).

Modifications etc. (not altering text)

- C1 S. 480(5) applied (with effect in accordance with reg. 1(2) of the amending S.I.) by [Mutual Societies \(Transfers of Business\) \(Tax\) Regulations 2009 \(S.I. 2009/2971\)](#), regs. 1(1), [19\(10\)](#), [22\(9\)](#), [24\(5\)](#)

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

- Blanket amendment words substituted by [S.I. 2011/1043 art. 34](#)

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

- s. 322(2A)(zb) inserted by [2016 c. 24 s. 73\(5\)](#)
- s. 934(1A)(1B) inserted by [2023 c. 30 Sch. 2 para. 12\(2\)](#)
- s. 962(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(5\)\(b\)](#)
- s. 962A(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(6\)\(b\)](#)
- s. 963(1A) inserted by [2023 c. 30 Sch. 2 para. 12\(7\)\(a\)](#)
- s. 1058B(5)(ea) inserted by [2023 c. 20 Sch. para. 57](#)
- s. 1094(2A)-(2C) inserted by [2012 c. 14 Sch. 3 para. 13\(3\)](#)
- s. 1106(4A)-(4C) inserted by [2012 c. 14 Sch. 3 para. 14\(3\)](#)
- s. 1138A applied by [S.I. 2024/348 reg. 3](#)