Corporation Tax Act 2009

2009 CHAPTER 4

PART 5

LOAN RELATIONSHIPS

CHAPTER 6

CONNECTED COMPANIES RELATIONSHIPS: IMPAIRMENT LOSSES AND RELEASES OF DEBTS

Exclusion of debits for impaired or released connected companies debts

354 Exclusion of debits for impaired or released connected companies debts

(1) The general rule is that no impairment loss or release debit in respect of a company's creditor relationship is to be brought into account for the purposes of this Part for an accounting period if section 349 (application of amortised cost basis to connected companies relationship) applies to the relationship for the period.

(2) That rule is subject to—

(a) section 356 (swapping debt for equity), and

(b) section 357 (insolvent creditors).

[[F1](2A) Where the carrying value of an asset representing the creditor relationship has at any time been adjusted as a result of the asset being the hedged item under a designated fair value hedge, the rule in subsection (1) does not prevent a credit or debit being brought into account for the purposes of this Part in respect of any reversal of that adjustment.**]**

(3) Nothing in this section affects the debits to be brought into account for the purposes of this Part in respect of exchange gains or losses arising from a debt.

Changes to legislation: *Corporation Tax Act 2009, Section 354 is up to date with all changes known to be in force on or before 17 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

Textual Amendments

F1 S. 354(2A) inserted (with effect in accordance with Sch. 7 Pt. 6 of the amending Act) by Finance (No. 2) Act 2015 (c. 33), **Sch. 7 para. 32**

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View outstanding changes

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. 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)