



# Corporation Tax Act 2009

## 2009 CHAPTER 4

### PART 5

#### LOAN RELATIONSHIPS

#### CHAPTER 13

##### EUROPEAN CROSS-BORDER TRANSFERS OF BUSINESS

##### *Transfers of loan relationships at notional carrying value*

#### **424 Reorganisations involving loan relationships**

- (1) This section applies if—
- (a) sections 127 to 130 of TCGA 1992 (reorganisations: equation of original shares and new holding)—
    - (i) apply in relation to a reorganisation, or
    - (ii) would so apply but for section 116(5) of that Act (which disapplies those sections where the original shares or the new holding consists of or includes a qualifying corporate bond),
  - (b) the original shares consist of or include an asset representing a loan relationship, and
  - (c) either—
    - (i) section 422 or 423 applies as a result of condition B in section 421 being met in relation to the transfer in the course of which the reorganisation occurs, or
    - (ii) condition C in section 421 is met in relation to that transfer.
- (2) For the purposes of this Part such debits and credits are to be brought into account as would be brought into account if the reorganisation were a disposal of the asset representing the loan relationship for consideration of an amount equal to its notional carrying value.

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*Changes to legislation:* There are outstanding changes not yet made by the legislation.gov.uk editorial team to Corporation Tax Act 2009. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

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- (3) For the purposes of this section, the notional carrying value of that asset is the amount which would have been [<sup>F1</sup>its tax-adjusted carrying value based on] the accounts of the original holder if a period of account had ended immediately before the date when the reorganisation occurred.
- (4) In this section—  
<sup>F2</sup>  
 ...  
 “original holder” means a person holding the original shares immediately before the reorganisation,  
 “original shares” has the meaning given by section 126(1) of TCGA 1992 (application of sections 126 to 131 of that Act), and  
 “reorganisation” includes anything to which sections 127 to 130 of that Act apply as if it were a reorganisation.
- (5) This section is subject to—  
 (a) section 425 (original holder using fair value accounting), and  
 (b) section 429 (disapplication of Chapter where transparent entities involved).

#### Textual Amendments

- F1** Words in s. 424(3) substituted (with effect in accordance with Sch. 7 Pt. 6 of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\)](#), [Sch. 7 para. 42\(2\)](#)
- F2** Words in s. 424(4) omitted (with effect in accordance with Sch. 7 Pt. 6 of the amending Act) by virtue of [Finance \(No. 2\) Act 2015 \(c. 33\)](#), [Sch. 7 para. 42\(3\)](#)

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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](#)