



# Corporation Tax Act 2009

## 2009 CHAPTER 4

### PART 7

#### DERIVATIVE CONTRACTS

#### CHAPTER 2

##### CONTRACTS TO WHICH THIS PART APPLIES

*Cases where companies treated as parties to relevant contracts*

#### **584 Hybrid derivatives with embedded derivatives**

- (1) This section applies if—
- (a) a company is a party to a relevant contract which meets the condition in section 579(1)(b) or (c) (contracts not treated for accounting purposes as derivatives),
  - (b) in accordance with generally accepted accounting practice, the company treats the rights and liabilities under the contract as divided between—
    - (i) rights and liabilities under one or more derivatives (“embedded derivatives”), and
    - (ii) the remaining rights and liabilities, and
  - (c) a contract consisting of only those remaining rights and liabilities would be a relevant contract.
- (2) The company is treated for the purposes of this Part—
- (a) as a party to a relevant contract whose rights and liabilities consist only of those of the embedded derivative, or (if there is more than one embedded derivative) as a party to relevant contracts each of whose rights and liabilities consist only of those of one of the embedded derivatives, and
  - (b) as a party to a relevant contract whose rights and liabilities are those within subsection (1)(b)(ii).

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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) Each relevant contract to which a company is treated as a party under subsection (2) is treated for the purposes of this Part as an option, a future or a contract for differences depending on what the character of a separate contract containing the rights and liabilities of the deemed relevant contract would be.
- (4) In this Part “hybrid derivative” means a relevant contract within subsection (1)(a).
- (5) See also—
  - (a) section 592 (embedded derivatives treated as meeting condition in section 591 etc), and
  - (b) section 616 (disapplication of fair value accounting for certain embedded derivatives).

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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](#)