



# Corporation Tax Act 2009

## 2009 CHAPTER 4

### PART 7

#### DERIVATIVE CONTRACTS

#### CHAPTER 7

##### CHARGEABLE GAINS ARISING IN RELATION TO DERIVATIVE CONTRACTS

##### *Issuers of securities with embedded derivatives: deemed options*

#### **655 Ceasing to be party to debtor relationship when deemed option not exercised**

- (1) Subsection (2) applies if the company ceases to be a party to the debtor relationship mentioned in section 652(2) at a time when the option mentioned in section 652(3) has not been exercised.
- (2) The company is treated for the purposes of corporation tax on chargeable gains—
  - (a) as having acquired an asset for consideration of an amount equal to Y, and
  - (b) as having disposed of that asset for consideration of an amount equal to CV.
- (3) In this section—

“CV” has the same meaning as in section 654,

“Y” means—

- (a) if the company ceases to be a party to the debtor relationship as a result of the redemption or repayment of the liability representing that relationship, the amount paid by the company, or
- (b) otherwise, the consideration given by the company on its ceasing to be a party to that relationship,

in either case reduced (but not below nil) by the fair value of the host contract at the date on which it so ceases, and

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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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“the host contract” has the same meaning as in section 654.

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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](#)