



Taxation (International and Other Provisions) Act 2010

2010 CHAPTER 8

[^{F1}PART 9A

CONTROLLED FOREIGN COMPANIES

CHAPTER 9

EXEMPTIONS FOR PROFITS FROM QUALIFYING LOAN RELATIONSHIPS

[^{F1}371IG] What is a “qualifying loan relationship”?

- (1) In this Chapter “qualifying loan relationship” means a creditor relationship of the CFC—
 - (a) the ultimate debtor in relation to which is a qualifying company, and
 - (b) which is not prevented from being a qualifying loan relationship by section 371IH.
- (2) In this Chapter “the ultimate debtor”, in relation to a creditor relationship of the CFC, means the debtor in relation to the creditor relationship.

This is subject to what follows.

- (3) Subsection (4) or (5) (as the case may be) applies if—
 - (a) there is a loan (“loan A”) which is the subject of a creditor relationship of the CFC,
 - (b) loan A, or a part of loan A, is made and used to fund (directly or indirectly) another loan (“loan B”) to a person (“P”), and
 - (c) loan B, or a part of loan B, is not made and used to fund (directly or indirectly) a further loan to any person.

Changes to legislation: *There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Section 3711G. (See end of Document for details)*

- (4) If all of loan A is made and used to fund (directly or indirectly) loan B, the ultimate debtor in relation to the CFC's creditor relationship mentioned in subsection (3)(a) is P.
- (5) If only part of loan A is made and used to fund (directly or indirectly) loan B—
- (a) that part of loan A is to be treated for the purposes of this Chapter as a separate loan giving rise to a separate creditor relationship of the CFC, and
 - (b) the ultimate debtor in relation to that separate creditor relationship is P.
- (6) If the requirement of subsection (3)(c) is met in relation to a part of loan B only, in subsections (4) and (5) references to loan B are to be read as references to that part of loan B only.
- (7) But neither subsection (4) nor subsection (5) applies if—
- (a) the debtor (“D”) in relation to the CFC's creditor relationship is a qualifying company the main business of which is banking business or insurance business,
 - (b) the use of loan A, or the part of loan A, as mentioned in subsection (3)(b) occurs in the ordinary course of D's banking business or insurance business (as the case may be), and
 - (c) P is not a UK resident qualifying company.
- (8) In this section “qualifying company” means a company which—
- (a) is connected with the CFC, and
 - (b) is controlled by the UK resident person or persons who control the CFC.]

Textual Amendments

F1 Pt. 9A inserted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 20 para. 1](#) (with [ss. 56-58](#))

Changes to legislation:

There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Section 371IG.