

These notes refer to the Finance Act 2012 (c.14) which received Royal Assent on 17 July 2012

FINANCE ACT 2012

EXPLANATORY NOTES

INTRODUCTION

Section 32: Group Relief: Meaning of “Normal Commercial Loan”

Summary

1. **Section 32** extends the definition of “normal commercial loan” to include loans that carry a right to conversion into shares or securities in quoted companies that are not connected to the company that issues the loan. This means that the holders of such loans are not considered to hold equity in the issuing company, and so ensures that the group status of the company will not be affected if it issues this type of loan.