



Finance Act 2013

2013 CHAPTER 29

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 3

CORPORATION TAX: GENERAL

Other provisions

41 Derivative contracts: property total return swaps etc

- (1) Chapter 7 of Part 7 of CTA 2009 (chargeable gains arising in relation to derivative contracts) is amended as follows.
- (2) In section 643 (contracts relating to land or certain tangible movable property)—
 - (a) in subsection (1), for “and C” substitute “, C and D”, and
 - (b) after subsection (4) insert—

“(4A) Condition D is that no two or more of the parties to the derivative contract are connected persons.”
- (3) In section 650 (property based total return swaps)—
 - (a) in subsection (1), for “to F” substitute “to H”, and
 - (b) after subsection (7) insert—

“(8) Condition G is that no two or more of the parties to the derivative contract are connected persons.

“(9) Condition H is that the securing of a tax advantage is neither the main purpose, nor one of the main purposes, for which the company is a party to the derivative contract.

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 2013, Section 41. (See end of Document for details)*

“Tax advantage” has the meaning given by section 1139 of CTA 2010.”

- (4) In section 659 (meaning of “relevant credits” and “relevant debits”), after subsection (4) insert—
- “(4A) But if the derivative contract has effect such that the return arising from the contract, so far as calculated by reference to that index, is calculated by reference to a percentage (“the capped percentage”) which is closer to zero than the full percentage change in that index over that period (or which is zero even though there has been a change in that index), for the purposes of subsection (4) R% is the capped percentage.”
- (5) The amendments made by this section have effect in relation to accounting periods beginning on or after 5 December 2012.
- (6) But, for the purposes of subsection (5), an accounting period beginning before, and ending on or after, 5 December 2012 is to be treated as if so much of the period as falls before that date, and so much of the period as falls on or after that date, were separate accounting periods.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2013, Section 41.