
STATUTORY INSTRUMENTS

2004 No. 3270

The Finance Act 2002, Schedule 26, Parts
2 and 9 (Amendment No. 2) Order 2004

Amendments of Part 9 of Schedule 26

11. After paragraph 48 insert—

“Embedded derivatives in connected party loans

48A. Where in any accounting period—

- (a) a company is party as a creditor to a loan relationship falling within section 94A(1) of the Finance Act 1996, and
- (b) the loan relationship is one to which section 87 of that Act applies (accounting methods where parties have a connection),

no loss arising in that period to the company from the derivative contract, or any of the derivative contracts, to which in the case of that loan relationship the company is treated as party by virtue of section 94A(2)(b) of the Finance Act 1996 gives rise to a debit for the purposes of this Schedule.”.