
STATUTORY INSTRUMENTS

2009 No. 1886

**The Loan Relationships and Derivative Contracts
(Disregard and Bringing into Account of Profits
and Losses) (Amendment) Regulations 2009**

Insertion of regulation 13

7. After regulation 12, insert—

“Transitional provision: exchange losses arising from contracts to which regulation 7A applies

13.—(1) This regulation applies to a derivative contract to which regulation 7A applies—

- (a) which was entered into on or after 1st January 2009;
- (b) which formed part of a relevant hedging relationship (within the meaning of regulation 7A) up to and including 10th March 2009; and
- (c) in respect of which an exchange loss would have arisen to the company had an accounting period ended on 9th March 2009.

(2) For the purposes of section 598(1)(c) of the Corporation Tax Act 2009 the amount to be brought into account is the lower of—

- (a) the exchange loss arising to the company which is incurred on the termination of the derivative contract; or
- (b) the exchange loss which would have arisen to the company in relation to the derivative contract had an accounting period ended on 9th March 2009.

(3) Paragraph (4) applies if there is more than one derivative contract to which regulation 7A applies in relation to the same hedged item.

(4) The total amount of the exchange loss in relation to those contracts which is to be brought into account under this regulation shall not exceed the aggregate net exchange losses (if any) which—

- (a) arose to the company on the termination of those contracts, or
- (b) would have arisen to the company in relation to those contracts had an accounting period ended on 9 March 2009.

(5) Where paragraph (4) applies, the amount of loss to be brought into account is to be apportioned between each of the contracts on a just and reasonable basis.

(6) For the purposes of this regulation, the termination of a derivative contract shall be regarded as having occurred on the earlier of—

- (a) the day on which the contract is terminated, or
- (b) the last day of the first accounting period which ends on or after 10th March 2009.

(7) The amount to be brought into account for the purposes of section 598(1)(c) of the Corporation Tax Act 2009 is nil in a case where—

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

- (a) no exchange loss arises to the company on the termination of the derivative contract;
- (b) there is more than one derivative contract to which regulation 7A applies in relation to the same hedged item and no aggregate net exchange loss arises to the company on the termination of those contracts; or
- (c) there is more than one derivative contract to which regulation 7A applies in relation to the same hedged item and no aggregate net exchange loss would have arisen to the company in relation to those contracts had an accounting period ended on 9th March 2009.”.