

*Status: Point in time view as at 15/03/2018.*

**Changes to legislation:** *There are currently no known outstanding effects for the Finance Act 2018, Cross Heading: Hedging of tax-interest expense amounts or tax-interest income amounts etc. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 8

#### CORPORATE INTEREST RESTRICTION

#### PART 1

#### AMENDMENTS OF PART 10 OF TIOPA 2010

##### *Hedging of tax-interest expense amounts or tax-interest income amounts etc*

- 2 (1) Section 384 (relevant derivative contract debits) is amended as follows.
- (2) In subsection (3), for paragraph (c) substitute—
- “(c) it is in respect of a risk arising in the ordinary course of a trade (other than a risk arising in the ordinary course of a financial trade) where the derivative contract was entered into wholly for reasons unrelated to the capital structure of the worldwide group (or any member of the worldwide group).”
- (3) After subsection (3) insert—
- “(3A) For the purposes of subsection (3)(c) a debit is in respect of a risk arising in the ordinary course of “a financial trade” only so far as the risk relates to an amount which is or is likely to be—
- (a) a tax-interest expense amount, or
- (b) a tax-interest income amount,
- of the company in any relevant accounting period.”
- 3 (1) Section 387 (relevant derivative contract credits) is amended as follows.
- (2) In subsection (3), for paragraph (c) substitute—
- “(c) it is in respect of a risk arising in the ordinary course of a trade (other than a risk arising in the ordinary course of a financial trade) where the derivative contract was entered into wholly for reasons unrelated to the capital structure of the worldwide group (or any member of the worldwide group).”
- (3) After subsection (3) insert—
- “(3A) For the purposes of subsection (3)(c) a credit is in respect of a risk arising in the ordinary course of “a financial trade” only so far as the risk relates to an amount which is or is likely to be—
- (a) a tax-interest expense amount, or
- (b) a tax-interest income amount,
- of the company in any relevant accounting period.”

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- 4 (1) Section 411 (“relevant expense amount” and “relevant income amount”) is amended as follows.
- (2) In subsection (1)(e), for sub-paragraph (iii) substitute—
- “(iii) losses in respect of risks arising in the ordinary course of a trade (other than risks arising in the ordinary course of a financial trade) where the derivative contract was entered into wholly for reasons unrelated to the capital structure of the worldwide group (or any member of the worldwide group);”.
- (3) In subsection (2)(d), for sub-paragraph (iii) substitute—
- “(iii) gains in respect of risks arising in the ordinary course of a trade (other than risks arising in the ordinary course of a financial trade) where the derivative contract was entered into wholly for reasons unrelated to the capital structure of the worldwide group (or any member of the worldwide group);”.
- 5 In section 412 (section 411: interpretation), after subsection (3) insert—
- “(3A) For the purposes of section 411(1)(e)(iii) and (2)(d)(iii) losses or gains are in respect of risks arising in the ordinary course of “a financial trade” only so far as the risks relate to amounts which are or are likely to be—
- (a) relevant expense amounts, or
- (b) relevant income amounts,
- of the worldwide group for any period of account.”

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