
STATUTORY INSTRUMENTS

2014 No. 685

The Investment Transactions (Tax) Regulations 2014

Loan relationships and related transactions

4.—(1) For the purposes of regulation 2(2)(c), a fund has a loan relationship where the fund stands (whether by reference to a security or otherwise) in the position of a creditor or debtor as respects any money debt and either—

- (a) that debt is one arising from a transaction for the lending of money, or
- (b) that debt is not one which arose from a transaction for the lending of money but is one—
 - (i) on which interest is payable to or by the fund,
 - (ii) in relation to which the exchange gains or losses arise to the fund, or
 - (iii) as respects which the conditions in paragraph (2) are satisfied.

(2) The conditions mentioned in paragraph (1)(b)(iii) are that—

- (a) the fund stands in the position of creditor in relation to the money debt, and
- (b) the money debt is one from which a discount (whether of an income or capital nature) arises to the fund.

(3) For the purposes of this regulation—

“exchange gains or losses” means profits or gains or losses which arise as a result of comparing at different times the expression in one currency of the whole or some part of the valuation put by the fund in another currency on an asset or liability of the fund,

“money debt” has the same meaning as it has for the purposes of Part 5 of the Corporation Tax Act 2009⁽¹⁾.

(4) For the purposes of regulation 2(2)(c), a “related transaction” in relation to a loan relationship means any disposal or acquisition (in whole or in part) of rights or liabilities under that relationship.

⁽¹⁾ “Money debt” is defined in section 303 of the Corporation Tax Act 2009.