

Status: Point in time view as at 12/02/2019.

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006,
Cross Heading: Loan relationships: mandatory convertibles. (See end of Document for details)*

SCHEDULES

SCHEDULE 6

AVOIDANCE INVOLVING FINANCIAL ARRANGEMENTS

Loan relationships: mandatory convertibles

- 10 ^{F1}(1)
- ^{F1}(2)
- ^{F1}(3)
- (4) The following provisions of this paragraph apply for the purposes of TCGA 1992 if—
- (a) a company is a party to a relationship on 22nd March 2006,
 - (b) the relationship becomes a loan relationship on that date for the purposes of Chapter 2 of Part 4 of FA 1996 as a result of the amendments made by this paragraph,
 - (c) the relationship is a creditor relationship of the company, and
 - (d) immediately before that date the asset representing the relationship was a chargeable asset in relation to the company.
- (5) The company is treated as if—
- (a) it had made a disposal of the asset representing the relationship immediately before 22nd March 2006, and
 - (b) the disposal had been for a consideration equal to the fair value of the asset at that time (within the meaning given by section 103(1) of FA 1996).
- (6) Any chargeable gain or loss accruing to the company on the disposal is treated as accruing to the company when it ceases to be a party to the relationship.
- (7) For the purposes of this paragraph an asset is a chargeable asset in relation to the company at any time if any gain accruing to it on the disposal of the asset at that time would be a chargeable gain for the purposes of TCGA 1992.

Textual Amendments

- F1** Sch. 6 para. 10(1)-(3) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Status:

Point in time view as at 12/02/2019.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2006, Cross Heading: Loan relationships: mandatory convertibles.