

## SCHEDULES

### SCHEDULE 5

Section 8

#### AMOUNTS NOT FULLY RECOGNISED FOR ACCOUNTING PURPOSES

##### *Amendments of sections 311, 312 and 599A of CTA 2009*

- 1 (1) Section 311 of CTA 2009 (loan relationships: amounts not fully recognised for accounting purposes) is amended as follows.
  - (2) In subsection (2)—
    - (a) in paragraph (b), for “or C” substitute “, C or D”, and
    - (b) in paragraph (c), for “or securities” substitute “, securities or relevant interest”.
  - (3) In subsection (3)(a), for “the period” substitute “any period”.
  - (4) In subsection (4)(a)—
    - (a) for “has at any time been” substitute “is at any time”, and
    - (b) for “the period” substitute “any period”.
  - (5) In subsection (4A)(a)—
    - (a) for “has issued” substitute “at any time issues”, and
    - (b) for “the period” substitute “any period”.
  - (6) After subsection (4A) insert—

“(4B) Condition D is that, at any time—

    - (a) the company acquires a relevant interest in another company, a firm or a trust, or
    - (b) an existing relevant interest of the company in another company, a firm or a trust is varied.”
  - (7) In subsection (5), omit “for the period”.
  - (8) After subsection (5) insert—

“(5A) In this section—

    - (a) a reference to a relevant interest in a company is to an interest in the company’s shares or other capital,
    - (b) a reference to a relevant interest in a firm is to an entitlement to share in the profits or capital of the firm, and
    - (c) a reference to a relevant interest in a trust is to an interest under the trust in any property subject to the trust.”
- 2 (1) Section 312 of that Act (determination of credits and debits where amounts not fully recognised) is amended as follows.
  - (2) In subsection (1), omit paragraph (b) and the “or” before it.

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*Status: This is the original version (as it was originally enacted).*

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- (3) After that subsection insert—
- “(1A) Subsection (1B) applies in a case where condition A in section 311(2) is met.
- (1B) In determining the debits and credits which a company is to bring into account for any period for the purposes of this Part in respect of the debtor relationship by reference to which that condition is met, the assumption in subsection (2) is to be made.”
- (4) In subsection (4)(b)—
- (a) for “subsection (1)(a)” substitute “subsection (1)”, and
- (b) for “subsection (1)(b)” substitute “subsection (1B)”.
- 3 (1) Section 599A of that Act (derivative contracts: amounts not fully recognised for accounting purposes) is amended as follows.
- (2) In subsection (2)—
- (a) in paragraph (b), for “or B” substitute “, B or C”, and
- (b) in paragraph (c), for “or securities” substitute “, securities or relevant interest”.
- (3) In subsection (3)(a)—
- (a) for “has at any time been” substitute “is at any time”, and
- (b) for “the period” substitute “any period”.
- (4) In subsection (3)(b), for “relevant contribution” substitute “contribution”.
- (5) In subsection (4), omit “for the period”.
- (6) In subsection (5)(a)—
- (a) for “has issued” substitute “at any time issues”, and
- (b) for “the period” substitute “any period”.
- (7) After subsection (5) insert—
- “(5A) Condition C is that, at any time—
- (a) the company acquires a relevant interest in another company, a firm or a trust, or
- (b) an existing relevant interest of the company in another company, a firm or a trust is varied.
- (5B) In this section—
- (a) a reference to a relevant interest in a company is to an interest in the company’s shares or other capital,
- (b) a reference to a relevant interest in a firm is to an entitlement to share in the profits or capital of the firm, and
- (c) a reference to a relevant interest in a trust is to an interest under the trust in any property subject to the trust.”

### *Commencement*

- 4 (1) The amendments made by this Schedule have effect in relation to periods of account beginning on or after 22 June 2010.

- (2) But, for the purposes of sub-paragraph (1), a period of account beginning before, and ending on or after, 22 June 2010 is to be treated as if so much of the period as falls before that date, and so much of the period as falls on or after that date, were separate periods of account.