



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 10

#### CLOSE COMPANIES

### CHAPTER 2

#### BASIC DEFINITIONS

##### *Meaning of other expressions in this Part*

#### **453 “Loan creditor”**

- (1) For the purposes of this Part, “loan creditor”, in relation to a company, means a creditor—
- (a) in respect of any debt within subsection (2), or
  - (b) in respect of any redeemable loan capital issued by the company.
- But this is subject to subsection (4).
- (2) Debt is within this subsection if it is incurred by the company—
- (a) for any money borrowed or capital assets acquired by the company,
  - (b) for any right to receive income created in favour of the company, or
  - (c) for consideration the value of which to the company was (at the time when the debt was incurred) substantially less than the amount of the debt (including any premium on the debt).
- (3) A person who—
- (a) is not the creditor in respect of any debt or loan capital to which subsection (1) applies, but
  - (b) has a beneficial interest in that debt or loan capital,
- is, to the extent of that interest, treated for the purposes of this Part as a loan creditor in respect of that debt or loan capital (but this is subject to subsection (4)).

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**Changes to legislation:** There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 453. (See end of Document for details)

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- (4) A person carrying on a business of banking is not treated as a loan creditor in respect of any debt or loan capital incurred or issued by the company for money lent by the person to the company in the ordinary course of that business.
- (5) See also section 519(2) of CTA 2009 (bond-holder under investment bond arrangements is loan creditor in respect of bond-issuer).

**Modifications etc. (not altering text)**

- C1** Pt. 10 Ch. 2 applied (with modifications) (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 376(1) (as amended by 2010 c. 4, s. 1184(1), Sch. 1 para. 610(2) (with Sch. 2))
- C2** Pt. 10 Ch. 2 applied (with modifications) (with effect in accordance with s. 1184(1) of the amending Act) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 456(7) (as substituted by 2010 c. 4, s. 1184(1), Sch. 1 para. 466(2) (with Sch. 2))

**Changes to legislation:**

There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 453.