



# Taxation (International and Other Provisions) Act 2010

## 2010 CHAPTER 8

### [<sup>F1</sup>PART 6A

#### HYBRID AND OTHER MISMATCHES

### CHAPTER 14

#### INTERPRETATION

#### *[<sup>F2</sup>Relevant debt relief circumstances*

#### [<sup>F1</sup>] <sup>F2</sup>259NEC **Release of debts**

- (1) This section is to be read with section 259NEB (relevant debt relief circumstances: introductory).
- (2) The circumstances in this section are—
- (a) the relevant release takes place in an accounting period for which an amortised cost basis of accounting is used in respect of the debtor relationship, and
  - (b) condition A, B, C, D or E is met.
- (3) Condition A is that the release is part of a statutory insolvency arrangement (within the meaning of section 1319 of CTA 2009).
- (4) Condition B is that the release is not a release of relevant rights and is—
- (a) in consideration of shares forming part of the ordinary share capital of a payee, or
  - (b) in consideration of any entitlement to such shares.
- (5) Condition C is that—
- (a) a payee meets one of the insolvency conditions (see subsection (8)), and

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**Changes to legislation:** There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Section 259NEC. (See end of Document for details)

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- (b) the debtor relationship is not a connected companies relationship.
- (6) Condition D is that the release is in consequence of the making of a mandatory reduction instrument or a third country instrument or the exercise of a stabilisation power under Part 1 of the Banking Act 2009 [<sup>F3</sup>or the exercise of a third-country instrument or a stabilisation power under Schedule 11 to the Financial Services and Markets Act 2023].
- (7) Condition E is that—
  - (a) the release is neither a deemed release nor a release of relevant rights, and
  - (b) immediately before the release, it is reasonable to assume that, without the release and any arrangements of which the release forms part, there would be a material risk that at some time within the next 12 months a payee would be unable to pay its debts.
- (8) For the purposes of this section a company meets the insolvency conditions if—
  - (a) it is in insolvent liquidation,
  - (b) it is in insolvent administration,
  - (c) it is in insolvent administrative receivership,
  - (d) an appointment of a provisional liquidator is in force in relation to the company under section 135 of the Insolvency Act 1986 or Article 115 of the Insolvency (Northern Ireland) Order 1989 ([S.I. 1989/2405 \(N.I. 19\)](#)), or
  - (e) under the law of a country or territory outside the United Kingdom circumstances corresponding to those mentioned in paragraph (a), (b), (c) or (d) exist.
- (9) Section 323(A1) of CTA 2009 applies for the interpretation of subsection (7)(b); and the rest of that section applies for the interpretation of (8).]

#### Textual Amendments

- F1** Pt. 6A inserted (with effect in accordance with Sch. 10 paras. 18-21 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 10 para. 1](#)
- F2** Ss. 259NEB-259NEF and cross-heading inserted (retrospectively) by [Finance Act 2021 \(c. 26\)](#), [Sch. 7 paras. 5, 36](#)
- F3** Words in s. 259NEC(6) inserted (31.12.2023) by [The Resolution of Central Counterparties \(Modified Application of Corporate Law and Consequential Amendments\) Regulations 2023 \(S.I. 2023/1313\)](#), regs. 1(2), [13](#)

**Changes to legislation:**

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