



# Taxation (International and Other Provisions) Act 2010

## 2010 CHAPTER 8

### [<sup>F1</sup>PART 10]

#### [<sup>F1</sup>CORPORATE INTEREST RESTRICTION]

### [<sup>F1</sup>CHAPTER 3]

#### [<sup>F1</sup>TAX-INTEREST AMOUNTS]

#### *[<sup>F1</sup>Tax-interest expense and income amounts: basic rules]*

#### [<sup>F1</sup>387 Relevant derivative contract credits

- (1) This section applies for the purposes of section 385.
- (2) An amount is a “relevant derivative contract credit” if—
  - (a) it is a credit that is (or apart from this Part would be) brought into account for the purposes of corporation tax in respect of a derivative contract under—
    - (i) Part 3 of CTA 2009 as a result of section 573 of that Act (derivative contracts for purposes of trade), or
    - (ii) Part 5 of that Act as a result of section 574 of that Act (other derivative contracts),
  - (b) is not an excluded credit, and
  - (c) the condition in subsection (4) is met.
- (3) A credit is “excluded” for the purposes of subsection (2)(b) if—
  - (a) it is in respect of an exchange gain (within the meaning of Part 7 of CTA 2009),
  - (b) it is in respect of the reversal of an impairment loss, or

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**Changes to legislation:** There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Section 387. (See end of Document for details)

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[<sup>F2</sup>(c) it is in respect of a risk arising in the ordinary course of a trade (other than a risk arising in the ordinary course of a financial trade) where the derivative contract was entered into wholly for reasons unrelated to the capital structure of the worldwide group (or any member of the worldwide group).]

[ For the purposes of subsection (3)(c) a credit is in respect of a risk arising in the ordinary course of “a financial trade” only so far as the risk relates to an amount which is or is likely to be—

- (a) a tax-interest expense amount, or
- (b) a tax-interest income amount,

of the company in any relevant accounting period.]

(4) The condition referred to in subsection (2)(c) is that the underlying subject matter of the derivative contract consists only of one or more of the following—

- (a) interest rates;
- (b) any index determined by reference to income or retail prices;
- (c) currency;
- (d) an asset or liability representing a loan relationship;
- (e) any other underlying subject matter which is—
  - (i) subordinate in relation to any of the matters mentioned in paragraphs (a) to (d), or
  - (ii) of small value in comparison with the value of the underlying subject matter as a whole.

(5) For the purposes of this section, whether part of the underlying subject matter of the derivative contract is subordinate or of small value is to be determined by reference to the time when the company enters into or acquires the contract.

(6) In this section “underlying subject matter” has the same meaning as in Part 7 of CTA 2009.]

#### Textual Amendments

- F1** Pt. 10: the existing Pt. 10 renumbered as Pt. 11 (except for ss. 375, 376 which are repealed), the existing ss. 372-374, 377-382 renumbered as ss. 499-507 and a new Pt. 10 (ss. 372-498) inserted (with effect in accordance with Sch. 5 para. 25(1)-(3) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 5 para. 1](#), [10\(1\)\(2\)\(a\)\(3\)](#) (with [Sch. 5 paras. 27, 32-34](#))
- F2** S. 387(3)(c) substituted (with effect in accordance with Sch. 8 para. 22 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 8 para. 3\(2\)](#)
- F3** S. 387(3A) inserted (with effect in accordance with Sch. 8 para. 22 of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 8 para. 3\(3\)](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Section 387.