
Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2015, Paragraph 116. (See end of Document for details)

SCHEDULES

SCHEDULE 7

LOAN RELATIONSHIPS AND DERIVATIVE CONTRACTS

PART 6

COMMENCEMENT AND TRANSITIONAL PROVISIONS

Transitional adjustments relating to loan relationships

- 116 (1) If paragraph 115 applies in relation to a loan relationship of a company, then for each relevant accounting period a credit or debit of an amount equal to the transitional adjustment for the period must be brought into account for the purposes of Part 5 of CTA 2009 in the same way as a credit or debit which is brought into account in determining the company's profit or loss for the period in accordance with generally accepted accounting practice.
- (2) The relevant accounting periods are—
- (a) the first accounting period of the company beginning on or after 1 January 2016, and
 - (b) each subsequent accounting period all or part of which falls within the transitional years.
- (3) The transitional years are the 5 years beginning with the first day of the first accounting period of the company beginning on or after 1 January 2016.
- (4) The transitional adjustment for each relevant accounting period is calculated as follows.
- (5) Allocate a percentage of the overall transitional adjustment (determined under paragraph 115) to each of the 5 transitional years as follows—
- | | |
|----------|-----|
| 1st year | 40% |
| 2nd year | 25% |
| 3rd year | 15% |
| 4th year | 10% |
| 5th year | 10% |
- (6) If a transitional year coincides with an accounting period, the transitional adjustment for the accounting period is the amount allocated to that year.
- (7) In any other case—

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- (a) apportion the amount allocated to each transitional year between accounting periods according to the number of days in the transitional year which fall within each period, and
- (b) the transitional adjustment for an accounting period is the total of the amounts apportioned to that period.

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