

## SCHEDULES

### SCHEDULE 7

#### LOAN RELATIONSHIPS AND DERIVATIVE CONTRACTS

##### PART 1

###### LOAN RELATIONSHIPS: AMENDMENTS OF PARTS 5 AND 6 OF CTA 2009

- 13 (1) Section 320 (credits and debits treated as relating to capital expenditure) is amended as follows.
- (2) For subsections (1) to (3) substitute—
- “(1) This section applies if—
- (a) an amount for an accounting period in respect of a company’s loan relationship relates to any of the matters in section 306A(1),
  - (b) generally accepted accounting practice allows the amount to be treated in the company’s accounts as an amount recognised in determining the carrying value of an asset or liability, and
  - (c) any profit or loss for corporation tax purposes in relation to that asset or liability will not fall to be calculated in accordance with generally accepted accounting practice.
- (2) Despite that treatment, the amount is to be brought into account as a credit or debit for the purposes of this Part, for the accounting period for which it is recognised, in the same way as an amount which is brought into account as a credit or debit in determining the company’s profit or loss for that period in accordance with generally accepted accounting practice.
- (3) But subsection (2) does not apply to an amount which relates to an intangible fixed asset to which an election under section 730 (writing down at fixed rate: election for fixed-rate basis) applies.”
- (3) Omit subsection (4).
- (4) For subsections (5) and (6) substitute—
- “(5) If an amount relating to an asset or liability is brought into account as mentioned in subsection (2) as a debit, no debit may be brought into account for the purposes of this Part in respect of—
- (a) the writing down of so much of the value of the asset or liability as is attributable to that debit, or
  - (b) so much of any amortisation or depreciation representing a writing-off of that value as is attributable to that debit.”