
Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2015, Paragraph 18. (See end of Document for details)

SCHEDULES

SCHEDULE 7

LOAN RELATIONSHIPS AND DERIVATIVE CONTRACTS

PART 1

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

18 After section 323 insert—

“323A Substantial modification: cases where credits not required to be brought into account

- (1) Subsection (2) applies if—
 - (a) a debtor relationship of a company is modified or replaced by another,
 - (b) immediately before the modification or replacement it is reasonable to assume that, without the modification or replacement and any arrangements of which the modification or replacement forms part, there would be a material risk that at some time within the next 12 months the company would be unable to pay its debts, and
 - (c) the modification or replacement is treated for accounting purposes as a substantial modification of the terms of a loan relationship of the company.
- (2) The company is not required to bring into account for the purposes of this Part a credit in respect of any change in the carrying value of the liability representing the modified or replacement debtor relationship.
- (3) If as a result of subsection (2) no credit was brought into account in respect of a change in the carrying value of a liability representing a debtor relationship, the company may not bring into account a debit for the purposes of this Part in respect of a change in the carrying value of that liability, to the extent that the change represents a reversal of the change in carrying value to which subsection (2) applied.
- (4) Section 323(A1) applies for the interpretation of subsection (1)(b).”

Changes to legislation:

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