
Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2015, Paragraph 23. (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

23 After section 330 insert—

“Company is not, or has ceased to be, party to loan relationship

330A Company is not, or has ceased to be, party to loan relationship

- (1) This section applies if—
- (a) amounts in respect of a qualifying relationship are recognised in a company's accounts for an accounting period (“the current period”) as an item of profit or loss even though during all or part of the period the company is not a party to the qualifying relationship,
 - (b) any of conditions A to D is met, and
 - (c) in the absence of this section, the credits and debits brought into account by the company for the purposes of this Part or Part 7 for the current period would not include credits or debits representing the whole of those amounts.
- (2) In this section “qualifying relationship” means—
- (a) a loan relationship, or
 - (b) a relationship that would be a loan relationship if references in section 302(1) to a company were references to any person.

References in this section to a company being a party to a qualifying relationship are to be read accordingly.

- (3) Condition A is that—
- (a) the company was a party to the qualifying relationship,
 - (b) amounts in respect of the qualifying relationship were recognised in the company's accounts as an item of profit or loss when it was a party to the relationship, and
 - (c) any amounts in respect of the relationship continue to be recognised in those accounts as an item of profit or loss.
- (4) Condition B is that the amounts recognised as mentioned in subsection (1)(a) are recognised as a result of a transaction which has the effect of transferring to the company all or part of the risk or reward relating to the qualifying

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relationship without a corresponding transfer of rights or obligations under the relationship.

- (5) Condition C is that the amounts recognised as mentioned in subsection (1)(a) are recognised as a result of a related transaction in relation to a qualifying relationship to which the company was, but has ceased to be, a party.
- (6) Condition D is that—
- (a) the amounts recognised as mentioned in subsection (1)(a) are recognised because the company may enter into a qualifying relationship or related transaction but has not yet done so, and
 - (b) the amounts are not expenses to which section 329 applies.
- (7) The company must bring credits and debits into account for the purposes of this Part for the accounting period as if the company were a party to the qualifying relationship for the whole of the accounting period.
- (8) The amounts that must be brought into account are those amounts in respect of the qualifying relationship that are recognised in the company's accounts for the accounting period as an item of profit or loss (but subject to the provisions of this Part).
- (9) This section is subject to sections 330B and 330C.
- (10) In this section—
- “item of profit or loss” has the meaning it has for accounting purposes;
 - “recognised” means recognised in accordance with generally accepted accounting practice;
 - “related transaction”, in relation to a qualifying relationship, is to be read as if the references in section 304(1) and (2) to a loan relationship were to a qualifying relationship.

330B Exclusion of debit where relief allowed to another

A company is not to bring into account as a debit for the purposes of this Part as a result of section 330A an amount which—

- (a) is brought into account as a debit for those purposes by another company,
- (b) is brought into account so as to reduce the assumed taxable total profits of another company for the purposes of Part 9A of TIOPA 2010 (controlled foreign companies), or
- (c) is allowable as a deduction by a person for the purposes of income tax.

330C Avoidance of double charge

- (1) This section applies if at any time a company (“the relevant company”) is required by section 330A to bring into account as a credit for the purposes of this Part an amount—
- (a) which is brought into account as a credit for those purposes by another company,

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- (b) which is brought into account in determining the assumed taxable total profits of another company for the purposes of Part 9A of TIOPA 2010 (controlled foreign companies), or
 - (c) on which a person is charged to income tax.
- (2) In order to avoid a double charge to tax in respect of the amount, the relevant company may make a claim for one or more consequential adjustments to be made in respect of the amount to be brought into account as a credit.
- (3) On a claim under this section an officer of Revenue and Customs must make such of the consequential adjustments claimed (if any) as are just and reasonable.
- (4) Consequential adjustments may be made—
 - (a) in respect of any period,
 - (b) by way of an assessment, the modification of an assessment, the amendment of a claim, or otherwise, and
 - (c) despite any time limit imposed by or under any enactment.”

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