



Finance Act 2016

2016 CHAPTER 24

PART 2

CORPORATION TAX

Loan relationships

49 Loan relationships and derivative contracts

Schedule 7 contains amendments relating to loan relationships and derivative contracts.

50 Loans to participators etc: rate of tax

- (1) In section 455 of CTA 2010 (charge to tax in case of loan to participator), in subsection (2), for “25% of the amount of the loan or advance” substitute “ such percentage of the amount of the loan or advance as corresponds to the dividend upper rate specified in section 8(2) of ITA 2007 for the tax year in which the loan or advance is made ”.
- (2) The amendment made by subsection (1) has effect in relation to a loan or advance made on or after 6 April 2016.
- (3) In section 464A of CTA 2010 (charge to tax: arrangements conferring benefit on participator), in subsection (3), for “25% of the value of the benefit conferred” substitute “ such percentage of the value of the benefit conferred as corresponds to the dividend upper rate specified in section 8(2) of ITA 2007 for the tax year in which the benefit is conferred ”.
- (4) The amendment made by subsection (3) has effect in relation to a benefit conferred on or after 6 April 2016.

Changes to legislation: Finance Act 2016, Cross Heading: Loan relationships is up to date with all changes known to be in force on or before 11 August 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

51 Loans to participators etc: trustees of charitable trusts

- (1) In section 456 of CTA 2010 (exceptions to the charge to tax in case of loan to participator), after subsection (2) insert—
 - “(2A) Section 455 does not apply to a loan or advance made to a trustee of a charitable trust if the loan or advance is applied to the purposes of the charitable trust only.”
- (2) The amendment made by subsection (1) has effect in relation to a loan or advance made on or after 25 November 2015.

Changes to legislation:

Finance Act 2016, Cross Heading: Loan relationships is up to date with all changes known to be in force on or before 11 August 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)