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STATUTORY INSTRUMENTS

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**2006 No. 3236**

**The Loan Relationships and Derivative Contracts  
(Disregard and Bringing into Account of Profits  
and Losses) (Amendment) Regulations 2006**

**Amendment to the Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) Regulations 2004**

6.—(1) Amend regulation 11 as follows.

(2) For paragraph (1) substitute—

“(1) For the purposes of section 85B(3) of the Finance Act 1996 (amounts recognised in determining company’s profits and loss) the amounts described in paragraph (2) are prescribed in relation to a company which is party to a creditor relationship to which—

(a) either—

(i) section 92 (convertible securities etc: creditor relationships)(1), or

(ii) section 93 (relationships linked to the value of chargeable assets)(2),

of the Finance Act 1996 applied immediately before the start of the first accounting period of the company to begin on or after 1st January 2005, and

(b) section 94A of the Finance Act 1996 (loan relationships with embedded derivatives)(3) applies in the first accounting period of the company to begin on or after 1st January 2005.

(1A) Where paragraph (1) does not apply, for the purposes of section 85B(3) of the Finance Act 1996 the amounts described in paragraph (3) are prescribed in relation to a company which is party to a creditor relationship to which—

(a) section 92, or

(b) section 93,

of the Finance Act 1996 applies immediately before the start of the first accounting period of the company to begin on or after 1st January 2005.”

(3) In paragraph (2)(b) at the beginning insert “where paragraph (1)(a)(i) applies,”.

(4) In paragraph (3)(b) at the beginning insert “where paragraph (1A)(a) applies,”.

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(1) Section 92 was amended by section 65 of the [Finance Act 1999 \(c. 16\)](#), sections 72, 73(1), 82 and 141 of, and paragraphs 1 and 5 of Schedule 23 and Part 3(8) and (10) of Schedule 40 to, the Finance Act 2002, section 882(1) of, and paragraphs 485 and 486 of Schedule 1 to, the [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#) and was repealed by sections 52 and 326 of, and paragraph 9 of Schedule 10 and Part 2(6) of Schedule 42 to, the Finance Act 2004.

(2) Section 93 was amended by sections 75 and 141 of, and Part 3(8) of Schedule 40 to, the Finance Act 2002 and was repealed by sections 52 and 326 of, and paragraph 11(1) of Schedule 10 and Part 2(6) of Schedule 42 to, the Finance Act 2004.

(3) Section 94A was inserted by section 52 of, and paragraph 13 of Schedule 10 to, the Finance Act 2004 and amended by section 80 of, and paragraph 28(1) and (2) of Schedule 4 to, the Finance Act 2005.