

SCHEDULES

SCHEDULE 24

PROVISIONS RELATING TO THE RAILWAYS ACT 1993

Transfer of liabilities

- 14 (1) If the whole or any part of the amount of a liability transferred by virtue of a relevant transfer falls, for the purposes of corporation tax,—
- (a) to be brought into account as deductible in computing the predecessor's profits, or any description of the predecessor's profits, for any accounting period ending before the time when the transfer comes into force, or
 - (b) to be so brought into account if it is assumed, where it is not the case, that the accounting period of the predecessor current on the day before the transfer comes into force ends immediately before that time,
- then the transfer shall not require any modification of the way in which that amount or, as the case may be, that part of that amount has been or is to be treated in relation to the predecessor for those purposes or entitle any amount due or paid in respect of that liability or, as the case may be, the corresponding part of that liability to be deductible in computing the transferee's profits, or any description of the transferee's profits, for any accounting period.
- (2) If and to the extent that the amount of any liability which, in consequence of any relevant transfer, falls to be discharged by the transferee is an amount which would (but for that and any other transfer) have fallen to be deductible in computing the predecessor's profits, or any description of the predecessor's profits, for any accounting period beginning with the coming into force of the transfer or at any subsequent time, that amount shall, to that extent,—
- (a) not be so deductible; but
 - (b) subject to sub-paragraph (3) below, be deductible in computing the transferee's profits to the same extent as if the transferee had become subject to the obligation in pursuance of which the liability arises or has arisen at the same time and for the same consideration, and otherwise on the same terms and in the same circumstances, as the predecessor;
- and for the purposes of this sub-paragraph it shall be assumed, where it is not the case, that the accounting period of the predecessor current on the day before the transfer comes into force ends immediately before the coming into force of that transfer.
- (3) For the purposes of corporation tax, where any relevant transfer has the effect that any liability falls to any extent to be discharged by the transferee instead of by the predecessor, the amounts deductible in computing the transferee's profits, or any description of the transferee's profits, for any accounting period shall not include any amount in respect of so much of that liability as falls to be so discharged unless it is an amount which (but for that and any other transfer) would have fallen to be deductible in computing the predecessor's profits, or any description of the

Status: This is the original version (as it was originally enacted).

predecessor's profits, for any accounting period beginning or ending after the coming into force of that transfer.

- (4) The preceding provisions of this paragraph shall apply in relation to the deduction of charges on income against the total profits of the predecessor or transferee for any period as they apply in relation to the deduction of any amount in the computation for that period of the profits of the predecessor or, as the case may be, of the transferee.
- (5) For the purposes of Chapter II of Part VI of the Taxes Act 1988 (definition of distributions), where in the case of any relevant transfer any consideration given or treated as given in respect of a security relating to—
- (a) any liability, or
 - (b) the use of the principal to which any liability, being a liability to interest or an equivalent liability, relates,

would fall (apart from this sub-paragraph) to be regarded for those purposes as new consideration received by the predecessor, that consideration shall be treated instead, to the extent that it relates to so much of the liability as falls in consequence of the transfer to be discharged by the transferee, as if it were new consideration received by the transferee.