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**Changes to legislation:** There are currently no known outstanding effects for the Finance Act 1997, Cross  
Heading: Adjustments in the case of pre-commencement trading relationships. (See end of Document for details)

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## SCHEDULES

### SCHEDULE 13

#### LOAN RELATIONSHIPS: AMENDMENT OF TRANSITIONAL PROVISIONS

##### *Adjustments in the case of pre-commencement trading relationships*

4 In paragraph 5 (pre-commencement trading relationships), after sub-paragraph (4) there shall be inserted the following sub-paragraphs—

“(4A) In sub-paragraph (4) above the reference, in relation to a creditor relationship, to the amount deductible as representing the cost of a company’s becoming a party to the relationship shall not, except where sub-paragraph (4B) or (4C) below applies, include a reference to so much of that amount as would represent the cost of acquiring any right to accrued interest under the loan relationship.

(4B) This sub-paragraph applies where—

- (a) the company became a party to the relationship before the beginning of its first relevant accounting period,
- (b) interest accruing under the relationship before the company became a party to it was paid to the company after it became a party to it but before the beginning of the company’s first relevant accounting period, and
- (c) the interest under the relationship which, in the case of that company, has been brought into account for the purposes of corporation tax has included interest accruing under the relationship before the company became a party to it but paid afterwards.

(4C) This sub-paragraph applies where—

- (a) the company became a party to the loan relationship in a transitional accounting period, and
- (b) in the case of that company, interest under the relationship which—
  - (i) accrued before the company became a party to the relationship, but
  - (ii) became due and payable afterwards,

is brought into account for the purposes of this Chapter in accordance with an authorised mark to market basis of accounting.”

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1997, Cross Heading: Adjustments in the case of pre-commencement trading relationships.