

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, SCHEDULE 6. (See end of Document for details)*

SCHEDULES

SCHEDULE 6

Section 76

AVOIDANCE INVOLVING FINANCIAL ARRANGEMENTS

*Repeal of rent factoring provisions*

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- (1) Sections 43A to 43G of ICTA (rent factoring) shall cease to have effect.

(2) The amendment made by this paragraph has effect in relation to transactions entered into on or after 6th June 2006.

*Dividend stripping: subsequent sales etc of rights to receive dividends etc*

- 2
- (1) Section 730 of ICTA (transfers of rights to receive distributions in respect of shares) is amended as follows.

(2) Omit subsection (3) (proceeds of subsequent sales etc of rights to receive distributions not to be regarded as income of the seller etc).

(3) The amendment made by this paragraph has effect in relation to sales or other realisations on or after 20th January 2006.

*Deemed interest: cash collateral under stock lending arrangements*

F13

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Textual Amendments

F1

Sch. 6 para. 3 omitted (retrospective and with effect in accordance with Sch. 24 paras. 12, 13-16 of the amending Act) by virtue of Finance Act 2009 (c. 10), Sch. 24 paras. 9(d), 12

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*Quasi-stock lending arrangements and quasi-cash collateral*

F24

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Textual Amendments

F2

Sch. 6 para. 4 omitted (retrospective and with effect in accordance with Sch. 24 paras. 12, 13-16 of the amending Act) by virtue of Finance Act 2009 (c. 10), Sch. 24 paras. 9(d), 12

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*Multiple holders of securities subject to sale and repurchase agreement: no relief for deemed manufactured payments*

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F3

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#### Textual Amendments

- F3** Sch. 6 para. 5 repealed (with effect in accordance with s. 47 of the amending Act) by [Finance Act 2007](#) (c. 11), s. 114, {Sch. 27 Pt. 2(14) Note}

#### *Structured finance arrangements: factoring of income receipts etc*

**F4**<sup>6</sup>

#### Textual Amendments

- F4** Sch. 6 para. 6 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010](#) (c. 4), s. 1184(1), **Sch. 3 Pt. 2** (with [Sch. 2](#)) and repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010](#) (c. 8), s. 381(1), **Sch. 10 Pt. 10** (with [Sch. 9](#) paras. 1-9, 22)

#### *Rent factoring of leases of plant or machinery*

**F5**<sup>7</sup>

#### Textual Amendments

- F5** [Sch. 6 para. 7](#) omitted (with effect in accordance with Sch. 25 para. 10 of the amending Act) by virtue of [Finance Act 2009](#) (c. 10), **Sch. 25 para. 9(3)(g)**

#### *Transactions associated with loans or credit*

**F6**<sup>8</sup>

#### Textual Amendments

- F6** Sch. 6 para. 8 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010](#) (c. 4), s. 1184(1), **Sch. 3 Pt. 2** (with [Sch. 2](#)) and repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010](#) (c. 8), s. 381(1), **Sch. 10 Pt. 10** (with [Sch. 9](#) paras. 1-9, 22)

#### *Structured finance arrangements: chargeable gains treatment of acquisitions and disposals*

- 9 (1) After section 263D of TCGA 1992 (gains accruing to persons paying manufactured dividends) insert—

#### “263E Structured finance arrangements

- (1) This section applies if—

- (a) section 774B of the Taxes Act (disregard of intended effects of arrangement involving disposals of assets) applies in relation to a structured finance arrangement,

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- (b) the borrower or a person connected with the borrower makes a disposal of any security at any time under the arrangement to or for the benefit of the lender or a person connected with the lender, and
  - (c) condition A or B is met.
- (2) Condition A is that the person making the disposal subsequently acquires under the arrangement the asset disposed of by that disposal.
- (3) Condition B is that—
  - (a) the asset disposed of by that disposal subsequently ceases to exist at any time, and
  - (b) that asset was held by the lender, or a person connected with the lender, from the time of the disposal until that time.
- (4) The disposal of the security by the borrower or a person connected with the borrower is to be disregarded for the purposes of this Act.
- (5) Any subsequent acquisition by the person making the disposal of the asset disposed of by that disposal is to be disregarded for the purposes of this Act.
- (6) In this section—
  - “the borrower”, in relation to a structured finance arrangement, means the person who is the borrower under the arrangement for the purposes of section 774A of the Taxes Act,
  - “the lender”, in relation to a structured finance arrangement, means the person who is the lender under the arrangement for the purposes of that section,
  - “security” means any such asset as is mentioned in subsection (2) (c) and (d) of that section.
- (7) For the purposes of this section—
  - (a) references to a person connected with the borrower do not include the lender, and
  - (b) references to a person connected with the lender do not include the borrower.”.
- (2) The amendment made by this paragraph has effect in relation to disposals made on or after 6th June 2006.
- (3) The amendment made by this paragraph also has effect in relation to any disposal made by a person before that date if the person makes a claim to that effect under this sub-paragraph.

*Loan relationships: mandatory convertibles*

- 10 <sup>F7</sup>(1) .....
- <sup>F7</sup>(2) .....
- <sup>F7</sup>(3) .....

- (4) The following provisions of this paragraph apply for the purposes of TCGA 1992 if—
  - (a) a company is a party to a relationship on 22nd March 2006,

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- (b) the relationship becomes a loan relationship on that date for the purposes of Chapter 2 of Part 4 of FA 1996 as a result of the amendments made by this paragraph,
  - (c) the relationship is a creditor relationship of the company, and
  - (d) immediately before that date the asset representing the relationship was a chargeable asset in relation to the company.
- (5) The company is treated as if—
- (a) it had made a disposal of the asset representing the relationship immediately before 22nd March 2006, and
  - (b) the disposal had been for a consideration equal to the fair value of the asset at that time (within the meaning given by section 103(1) of FA 1996).
- (6) Any chargeable gain or loss accruing to the company on the disposal is treated as accruing to the company when it ceases to be a party to the relationship.
- (7) For the purposes of this paragraph an asset is a chargeable asset in relation to the company at any time if any gain accruing to it on the disposal of the asset at that time would be a chargeable gain for the purposes of TCGA 1992.

#### Textual Amendments

- F7** Sch. 6 para. 10(1)-(3) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Loan relationships: computation in accordance with generally accepted accounting practice*

<sup>F8</sup>11 .....

#### Textual Amendments

- F8** Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Loan relationships: amounts not fully recognised for accounting purposes*

<sup>F8</sup>12 .....

#### Textual Amendments

- F8** Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Shares treated as loan relationships: shares subject to outstanding third party obligations*

<sup>F8</sup>13 .....

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**Textual Amendments**

**F8** Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Shares treated as loan relationships: application of rules to non-qualifying shares*

<sup>F8</sup>14 .....

**Textual Amendments**

**F8** Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Shares treated as loan relationships: redeemable shares*

<sup>F8</sup>15 .....

**Textual Amendments**

**F8** Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Creditor relationships and benefit derived by connected persons*

<sup>F8</sup>16 .....

**Textual Amendments**

**F8** Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Loan relationships: money debts etc not arising from the lending of money*

<sup>F8</sup>17 .....

**Textual Amendments**

**F8** Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Loan relationships: meaning of “fair value” in Chapter 2 of Part 4 of FA 1996*

<sup>F8</sup>18 .....

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Textual Amendments

F8 Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

*Loan relationships: continuity of treatment of groups etc*

F819 .....

Textual Amendments

F8 Sch. 6 paras. 11-19 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

*Loan relationships: repo and stock-lending arrangements*

20 F9 .....

Textual Amendments

F9 Sch. 6 para. 20 repealed (with effect in accordance with s. 47 of the amending Act) by Finance Act 2007 (c. 11), s. 114, {Sch. 27 Pt. 2(14) Note}

*Derivative contracts: computation in accordance with generally accepted accounting practice*

F1021 .....

Textual Amendments

F10 Sch. 6 paras. 21-24 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

*Derivative contracts: transactions within groups*

F1022 .....

Textual Amendments

F10 Sch. 6 paras. 21-24 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

*Derivative contracts: transactions within groups (fair value accounting)*

F1023 .....

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**Textual Amendments**

**F10** Sch. 6 paras. 21-24 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Derivative contracts: meaning of “fair value” in Schedule 26 to FA 2002*

**F10**24 .....

**Textual Amendments**

**F10** Sch. 6 paras. 21-24 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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