

*These notes refer to the Corporation Tax Act 2009
(c.4) which received Royal Assent on 26 March 2009*

CORPORATION TAX ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 5: Loan Relationships

Overview

Chapter 4: Continuity of treatment on transfers within groups or on reorganisations

Overview

Section 340: Group transfers and transfers of insurance business: transfer at notional carrying value

1114. Under this section any gain or loss is disregarded where, as a result of a transaction or series of transactions referred to in section 335(1)(a) and (b) 335, one company replaces another as a party to a loan relationship. It is based on paragraph 12(1), (2ZA), (2), (2C) and (9) of Schedule 9 to FA 1996. The section provides that the transaction or series of transactions take place at book value (“carrying value”).
1115. The rules in this section regarding the bringing into account of debits and credits apply only where the company being replaced as party to the loan relationship accounts for the relationship under the amortised cost basis. Section 341 provides rules for where the company being replaced as a party to the loan relationship uses fair value accounting.