



Corporation Tax Act 2009

2009 CHAPTER 4

PART 5

LOAN RELATIONSHIPS

CHAPTER 3

THE CREDITS AND DEBITS TO BE BROUGHT INTO ACCOUNT: GENERAL

Rules differing from generally accepted accounting practice

322 Release of debts: cases where credits not required to be brought into account

- (1) This section applies if—
 - (a) a liability to pay an amount under a company's debtor relationship is released, and
 - (b) the release takes place in an accounting period for which an amortised cost basis of accounting is used in respect of that relationship.
- (2) The company is not required to bring into account a credit in respect of the release for the purposes of this Part if [^{F1}any of conditions A to [^{F2}E]] is met.
- (3) Condition A is that the release is part of a statutory insolvency arrangement.
- (4) Condition B is that the release is [^{F3}not a release of relevant rights and is]—
 - (a) in consideration of shares forming part of the ordinary share capital of the debtor company, or
 - (b) in consideration of any entitlement to such shares.

^{F4}(4A)

- (5) Condition C is that—

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- (a) the debtor company meets one of the insolvency conditions (see subsection (6)), and
- (b) the debtor relationship is not a connected companies relationship (see section 348).

[^{F5}(5A) Condition D is that the liability is released in consequence of [^{F6}the making of a mandatory reduction instrument or a third country instrument or] the exercise of a stabilisation power under Part 1 of the Banking Act 2009 [^{F7}or the exercise of a third-country instrument or a stabilisation power under Schedule 11 to the Financial Services and Markets Act 2023].]

[^{F8}(5B) Condition E is that—

- (a) the release is neither a deemed release, as defined by section 358(3), nor a release of relevant rights, and
- (b) immediately before the release, it is reasonable to assume that, without the release and any arrangements of which the release forms part, there would be a material risk that at some time within the next 12 months the company would be unable to pay its debts.]

(6) For the purposes of this section a company meets the insolvency conditions if—

- (a) it is in insolvent liquidation,
- (b) it is in insolvent administration,
- (c) it is in insolvent administrative receivership,
- (d) an appointment of a provisional liquidator is in force in relation to the company under section 135 of the Insolvency Act 1986 (c. 45) or Article 115 of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)), or
- (e) under the law of a country or territory outside the United Kingdom circumstances corresponding to those mentioned in paragraph (a), (b), (c) or (d) exist.

[^{F9}(6A) In subsections (4) and (5B)(a), “relevant rights” has the same meaning as in section 358.]

(7) Section [^{F10}323(A1) applies for the interpretation of subsection (5B)(b); and the rest of section] 323 applies for the interpretation of subsection (6).

(8) For further cases where no credit in respect of the release is to be brought into account, see—

- (a) section 358 (exclusion of credits on release of connected companies debts: general), and
- (b) section 359 (exclusion of credits on release of connected companies debts during creditor's insolvency).

Textual Amendments

- F1** Words in s. 322(2) substituted (with effect in accordance with s. 26(4) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 26\(2\)](#)
- F2** Word in s. 322(2) substituted (with effect in accordance with Sch. 7 Pt. 6 of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\), Sch. 7 para. 16\(2\)](#)
- F3** Words in s. 322(4) inserted (with effect in accordance with Sch. 15 para. 3(1) of the amending Act) by [Finance Act 2010 \(c. 13\), Sch. 15 para. 1\(2\)](#) (with [Sch. 15 para. 4](#))
- F4** S. 322(4A) omitted (with effect in accordance with Sch. 7 Pt. 6 of the amending Act) by virtue of [Finance \(No. 2\) Act 2015 \(c. 33\), Sch. 7 para. 16\(3\)](#)

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- F5** S. 322(5A) inserted (with effect in accordance with s. 26(4) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 26\(3\)](#)
- F6** Words in s. 322(5A) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 123](#)
- F7** Words in s. 322(5A) inserted (31.12.2023) by [The Resolution of Central Counterparties \(Modified Application of Corporate Law and Consequential Amendments\) Regulations 2023 \(S.I. 2023/1313\), regs. 1\(2\), 12](#)
- F8** S. 322(5B) inserted (with effect in accordance with Sch. 7 Pt. 6 of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\), Sch. 7 para. 16\(4\)](#)
- F9** S. 322(6A) inserted (with effect in accordance with Sch. 7 Pt. 6 of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\), Sch. 7 para. 16\(5\)](#)
- F10** Words in s. 322(7) inserted (with effect in accordance with Sch. 7 Pt. 6 of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\), Sch. 7 para. 16\(6\)](#)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Blanket amendment words substituted by [S.I. 2011/1043 art. 34](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 322(2A)(zb) inserted by [2016 c. 24 s. 73\(5\)](#)
- s. 934(1A)(1B) inserted by [2023 c. 30 Sch. 2 para. 12\(2\)](#)
- s. 962(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(5\)\(b\)](#)
- s. 962A(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(6\)\(b\)](#)
- s. 963(1A) inserted by [2023 c. 30 Sch. 2 para. 12\(7\)\(a\)](#)
- s. 1058B(5)(ea) inserted by [2023 c. 20 Sch. para. 57](#)
- s. 1094(2A)-(2C) inserted by [2012 c. 14 Sch. 3 para. 13\(3\)](#)
- s. 1106(4A)-(4C) inserted by [2012 c. 14 Sch. 3 para. 14\(3\)](#)
- s. 1138A applied by [S.I. 2024/348 reg. 3](#)