



# Finance Act 2010

## 2010 CHAPTER 13

### PART 2

#### ANTI-AVOIDANCE AND REVENUE PROTECTION

##### *Loan relationships and derivative contracts*

#### **43 Close companies: release of loans to participators etc**

(1) In CTA 2009, after section 321 insert—

**“321A Restriction on debits resulting from release of loans to participators etc**

(1) This section applies if—

- (a) a loan gives rise to a charge to tax under section 455 of CTA 2010 (including a charge by virtue of section 459 or 460 of that Act), and
- (b) the whole or a part of the debt in respect of the loan is released or written off.

(2) No debit is to be brought into account for the purposes of this Part in respect of the release or writing off.”

(2) The amendment made by subsection (1) has effect in relation to debts (or parts of debts) released or written off on or after 24 March 2010.

#### **44 Connected companies: releases of debts**

Schedule 15 contains provision about releases of debts in cases involving connected companies.

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2010,  
Cross Heading: Loan relationships and derivative contracts. (See end of Document for details)*

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#### **45 Relationships treated as loan relationships etc: repos**

(1) In paragraph 4 of Schedule 13 to FA 2007 (ignoring effect on borrower of sale of securities), in sub-paragraph (4) omit the “and” at the end of paragraph (a) and after that paragraph insert—

“(aa) an amount representative of income payable in respect of the securities is not to be ignored as a result of sub-paragraph (3)(b) if it is, in accordance with generally accepted accounting practice, so recognised or taken into account, and”.

(2) In section 550 of CTA 2009 (ignoring effect on borrower of sale of securities)—

- (a) in subsection (4), for “and (6)” substitute “ to (6) ”, and
- (b) after subsection (5) insert—

“(5A) For the purposes of the charge to corporation tax, an amount representative of income payable in respect of the securities is not to be ignored as a result of subsection (3)(b) if—

- (a) it is, in accordance with generally accepted accounting practice, recognised in determining the borrower's profit or loss for that or any other period, or
- (b) it is taken into account in calculating the amounts which are so recognised.”

(3) The amendments made by this section are treated as always having had effect.

#### **46 Risk transfer schemes**

Schedule 16 contains provision about risk transfer schemes.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2010, Cross Heading: Loan relationships and derivative contracts.