



Corporation Tax Act 2010

2010 CHAPTER 4

PART 10

CLOSE COMPANIES

CHAPTER 3

CHARGE TO TAX IN CASE OF LOAN TO PARTICIPATOR

Charge to tax in case of loan to participator

455 Charge to tax in case of loan to participator

- [^{F1}(1) This section applies if a close company makes a loan or advances money to—
- (a) a relevant person who is a participator in the company or an associate of such a participator,
 - (b) the trustees of a settlement one or more of the trustees or actual or potential beneficiaries of which is a participator in the company or an associate of such a participator, or
 - (c) a limited liability partnership or other partnership one or more of the partners in which is an individual who is—
 - (i) a participator in the company, or
 - (ii) an associate of an individual who is such a participator.]
- (2) There is due from the company, as if it were an amount of corporation tax chargeable on the company for the accounting period in which the loan or advance is made, an amount equal to [^{F2}such percentage of the amount of the loan or advance as corresponds to the dividend upper rate specified in section 8(2) of ITA 2007 for the tax year in which the loan or advance is made] .
- (3) Tax due under this section in relation to a loan or advance is due and payable in accordance with section 59D of TMA 1970 on the day following the end of the period

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 455. (See end of Document for details)

of 9 months from the end of the accounting period in which the loan or advance was made.

- (4) For the purposes of this section and sections 456 to 459, the cases in which a close company is to be treated as making a loan to a person include a case where—
- (a) that person incurs a debt to the close company, or
 - (b) a debt due from that person to a third party is assigned to the close company.
- In such a case, the close company is to be treated as making a loan of an amount equal to the debt.
- (5) If a company (C) controls another company (D), a participator in C is to be treated for the purposes of this section as being also a participator in D.
- (6) In this Chapter, “relevant person” means—
- (a) an individual, or
 - (b) a company receiving a loan or advance in a fiduciary or representative capacity.
- (7) For exceptions to the charge under this section, see section 456.
- (8) See also—
- (a) section 458 (relief in case of repayment or release of loan),
 - (b) section 459 (loan treated as made to participator), and
 - (c) sections 460 to 462 (loan treated as made by close company).

Textual Amendments

- F1** S. 455(1) substituted (with retrospective effect in accordance with [Sch. 30 para. 3\(2\)](#) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 30 para. 3\(1\)](#)
- F2** Words in s. 455(2) substituted (with effect in accordance with s. 50(2) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 50\(1\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 455.