



Finance Act 2012

2012 CHAPTER 14

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 3

CORPORATION TAX: GENERAL

Miscellaneous

31 Tax treatment of financing costs and income

Schedule 5 contains provision about the tax treatment of financing costs and income.

32 Group relief: meaning of “normal commercial loan”

- (1) CTA 2010 is amended as follows.
- (2) In section 162(2)(c) (meaning of “normal commercial loan”), after “securities in” insert “a quoted unconnected company (see section 164(2A)) or in”.
- (3) In section 164 (sections 160 and 162: supplementary), in subsection (2)(c), after “securities in” insert “a quoted unconnected company (see subsection (2A)) or in”.
- (4) After subsection (2) of that section insert—
 - “(2A) For the purposes of this section and section 162 a company is a quoted unconnected company if (and only if)—
 - (a) its ordinary shares are listed on a recognised stock exchange, and
 - (b) it is not connected with the relevant company.”
- (5) In subsection (4) of that section—

Status: This is the original version (as it was originally enacted).

- (a) for “If the candidate company’s” substitute “In the case of a company whose”,
and
 - (b) for “subsection (3)(c) is” substitute “subsections (2A)(a) and (3)(c) are”.
- (6) In subsection (5) of that section, for “subsections (3) and (4)” substitute “this section”.
- (7) The amendments made by this section have effect in relation to loans made on or after 21 March 2012.

33 Company distributions

- (1) Part 23 of CTA 2010 (company distributions) is amended as follows.
- (2) Section 1002 (exceptions for certain transfers of assets or liabilities between a company and its members) is repealed.
- (3) In section 1020 (transfers of assets or liabilities treated as distributions)—
- (a) in subsection (2), omit from “But” to the end, and
 - (b) after that subsection insert—
 - “(2A) But the company is not treated as making a distribution under subsection (2) if the transfer of assets or liabilities—
 - (a) is a distribution by virtue of paragraph B in section 1000(1),
or
 - (b) would be such a distribution in the absence of subparagraph (a) of that paragraph (distribution representing repayment of capital on the shares).”
- (4) Section 1021 (transfers of assets or liabilities treated as distributions: exceptions) is repealed.
- (5) In consequence of the repeal made by subsection (2)—
- (a) omit section 194(2) of CTA 2010,
 - (b) in section 998(3) of that Act, for “1002” substitute “1003”,
 - (c) in section 1001 of that Act, in the third column of the table, omit “Section 1002 (exception for certain transfers of assets and liabilities)”, and
 - (d) omit paragraph 1(2) of Schedule 3 to F(No.3)A 2010.
- (6) The amendments made by this section have effect in relation to distributions made on or after the day on which this Act is passed.