
*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 1996, Paragraph 19. (See end of Document for details)*

SCHEDULES

SCHEDULE 15

LOAN RELATIONSHIPS: SAVINGS AND TRANSITIONAL PROVISIONS

PART I

CORPORATION TAX

Deep discount securities

19 ^{F1}(1)

^{F2}(2)

(3) The repeal by this Act of section 64 of the ^{M1}Finance Act 1993 (deemed transfers in the case of deep discount securities) and of enactments relating to that section shall not apply in relation to relevant times falling before 1st April 1996; but for the purposes of that section and this sub-paragraph 31st March 1996 shall be deemed (where it would not otherwise be so) to be the last day of an accounting period.

^{F3}(3A) Any income that is treated as arising at the time mentioned in subsection (5) of that section, as it applies by virtue of sub-paragraph (3) above, shall be brought into account as a non-trading credit given for the purposes of ^{F4}Part 5 of the Corporation Tax Act 2009] for the accounting period in which that time falls.]

(4) Where—

(a) a company issued a deep discount security before 1st April 1996 which was not redeemed before that date, and

(b) there is a difference between the adjusted issue price of the security as at 31st March 1996 and the adjusted closing value of that security as at that date,

the amount of that difference shall, in the case of that company, be brought into account for the purposes of ^{F5}Part 5 of the Corporation Tax Act 2009] in accordance with sub-paragraph (5) below.

(5) An amount falling to be brought into account for the purposes of ^{F6}Part 5 of the Corporation Tax Act 2009] in accordance with this sub-paragraph shall be brought into account for those purposes for the accounting period in which the security is redeemed—

(a) if the adjusted issue price of the security as at 31st March 1996 is greater than the adjusted closing value of the security as at that date, as a non-trading credit; and

(b) if the adjusted closing value of the security as at that date is the greater, as a non-trading debit.

(6) Where—

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- (a) a company held a deep discount security on 31st March 1996,
- (b) the company did not make any disposal of that security on that date,
- (c) the security is not one in relation to which there is, or is deemed to be, a relevant time on that date for the purposes of section 64 of the ^{M2}Finance Act 1993, and
- (d) there is an amount which, if the company had made a disposal of that security on that date, would have been treated under paragraph 4 of Schedule 4 to the Taxes Act 1988 as income chargeable to tax under Case III or IV of Schedule D,

that amount shall be brought into account as a non-trading credit given for the purposes of [^{F7}Part 5 of the Corporation Tax Act 2009] for the accounting period mentioned in sub-paragraph (9) below.

(7) Where—

- (a) a company held a deep discount security on 31st March 1996,
- [^{F8}(b) the company did not make any disposal of that security on that date,]
- (c) the security is not an asset falling to be treated as a relevant asset of the company for the purposes of paragraph 11 above, and
- (d) there is a difference between the adjusted issue price of the security as at 31st March 1996 and the adjusted closing value of that security as at that date,

the amount of that difference (in addition to any amount given by sub-paragraph (6) above) shall, in the case of that company, be brought into account for the purposes of [^{F9}Part 5 of the Corporation Tax Act 2009] in accordance with sub-paragraph (8) below.

(8) An amount falling to be brought into account for the purposes of [^{F10}Part 5 of the Corporation Tax Act 2009] in accordance with this sub-paragraph shall be brought into account for those purposes for the accounting period mentioned in sub-paragraph (9) below—

- (a) if the adjusted issue price of the security as at 31st March 1996 is greater than the adjusted closing value of the security as at that date, as a non-trading debit; and
- (b) if the adjusted closing value of the security as at that date is the greater, as a non-trading credit.

(9) That period is the accounting period in which falls whichever is the earliest of the following, that is to say—

- (a) the earliest day after 31st March 1996 on which, under the terms on which the security was issued, the company holding the security is entitled to require it to be redeemed;
- (b) the day on which the security is redeemed; and
- (c) the day on which the company makes a disposal of that security.

^{F11}(10)

(11) For the purposes of this paragraph, in relation to any company—

- (a) the adjusted issue price of a deep discount security as at 31st March 1996 is whatever for the purposes of Schedule 4 to the Taxes Act 1988 would have been the adjusted issue price of that security for an income period beginning with 1st April 1996; and

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(b) the adjusted closing value of a security as at 31st March 1996 is the amount which for the purposes of [^{F12}this Chapter was] is the opening value as at 1st April 1996 of the company's rights and liabilities under the loan relationship of the company that is represented by that security;

and sub-paragraph (7) of paragraph 5 above shall apply for the purposes of this sub-paragraph as it applies for the purposes of that paragraph.

(12) In this paragraph “deep discount security”, “disposal” and “income period” have the same meanings as in Schedule 4 to the Taxes Act 1988.

Textual Amendments

- F1** Sch. 15 para. 19(1) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 444(14)(a), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)
- F2** Sch. 15 para. 19(2) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 444(14)(a), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)
- F3** Sch. 15 para. 19(3A) inserted (27.7.1999 with effect as mentioned in s. 67(6) of the amending Act) by 1999 c. 16, s. 67(1)
- F4** Words in Sch. 15 para. 19(3A) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 444(14)(b)** (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)
- F5** Words in Sch. 15 para. 19(4) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 444(14)(b)** (with Sch. 2 paras. 1-10, 54)
- F6** Words in Sch. 15 para. 19(5) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 444(14)(b)** (with Sch. 2 paras. 1-10, 54)
- F7** Words in Sch. 15 para. 19(6) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 444(14)(b)** (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)
- F8** Sch. 15 para. 19(7)(b) substituted (27.7.1999 with effect as mentioned in s. 67(7) of the amending Act) by 1999 c. 16, s. 67(3)
- F9** Words in Sch. 15 para. 19(7) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 444(14)(b)** (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)
- F10** Words in Sch. 15 para. 19(8) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 444(14)(b)** (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)
- F11** Sch. 15 para. 19(10) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 444(14)(c), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)
- F12** Words in Sch. 15 para. 19(11)(b) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 444(14)(d)** (with Sch. 2 Pts. 1, 2, Sch. 2 para. 54)

Marginal Citations

- M1** 1993 c. 34.
M2 1993 c. 34.

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