

*Status: Point in time view as at 21/07/2009.*

*Changes to legislation: Finance Act 2009, Cross Heading: Amounts not fully recognised for accounting purposes is up to date with all changes known to be in force on or before 29 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 30

#### FINANCIAL ARRANGEMENTS AVOIDANCE

##### *Amounts not fully recognised for accounting purposes*

- 2 (1) Section 311 of CTA 2009 (loan relationships: amounts not fully recognised for accounting purposes) is amended as follows.
- (2) In subsection (2), for paragraphs (b) and (c) substitute—
- “(b) condition A, B or C is met, and
  - (c) an amount is not fully recognised for the period in respect of the creditor relationship as a result of the application of generally accepted accounting practice in relation to the creditor relationship and the debtor relationship, contribution or securities referred to in the condition that is met.”
- (3) In subsection (3)(b), after “to the” insert “ creditor relationship and the debtor ”.
- (4) In paragraph (b) of subsection (4), after “to the” insert “ creditor relationship and the relevant capital ”.
- (5) After that subsection insert—
- “(4A) Condition C is that—
  - (a) the company has issued securities that form part of its capital for the period, and
  - (b) an amount is not fully recognised for the period in respect of the securities as a result of the application of generally accepted accounting practice in relation to the creditor relationship and the securities.”
- (6) In subsection (6)—
- (a) for “or a relevant capital contribution to it” substitute “ , a contribution to it or securities issued by it ”, and
  - (b) for “or contribution” (in both places) substitute “ , contribution or securities ”.
- (7) In section 317(5) of CTA 2009 (carrying value), before paragraph (a) insert—
- “(za) sections 311 and 312 (amounts not fully recognised for accounting purposes),”.
- (8) The amendments made by this paragraph have effect in relation to periods of account beginning on or after 22 April 2009.
- (9) But for the purposes of sub-paragraph (8) a period of account beginning before, and ending on or after, 22 April 2009 is to be treated as if so much of the period as falls

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before that date, and so much of the period as falls on or after that date, were separate periods of account.

3 (1) In CTA 2009, after section 599 insert—

**“599A Amounts not fully recognised for accounting purposes: introduction**

- (1) Section 599B applies for the purpose of determining the credits and debits which a company is to bring into account for a period for the purposes of this Part in the following case.
- (2) The case is where—
  - (a) the company is, or is treated as, a party to a derivative contract in the period,
  - (b) condition A or B is met, and
  - (c) an amount is not fully recognised for the period in respect of the contract as a result of the application of generally accepted accounting practice in relation to the contract and the contribution or securities referred to in the condition that is met.
- (3) Condition A is that—
  - (a) an amount (a “relevant capital contribution”) has at any time been contributed to the company which forms part of its capital for the period, and
  - (b) an amount is not fully recognised for the period in respect of the relevant capital contribution as a result of the application of generally accepted accounting practice in relation to the derivative contract and the relevant contribution.
- (4) It does not matter for the purposes of subsection (3) whether the contribution forms part of the company's share capital or other capital for the period.
- (5) Condition B is that—
  - (a) the company has issued securities that form part of its capital for the period, and
  - (b) an amount is not fully recognised for the period in respect of the securities as a result of the application of generally accepted accounting practice in relation to the derivative contract and the securities.
- (6) For the purposes of this section an amount is not fully recognised for a period in respect of a contract of a company, a contribution to it or securities issued by it if—
  - (a) no amount in respect of the contract, contribution or securities is recognised in determining its profit or loss for the period, or
  - (b) an amount is so recognised in respect of only part of the contract, contribution or securities.

**599B Determination of credits and debits where amounts not fully recognised**

- (1) In determining the credits and debits which a company is to bring into account for the period referred to in section 599A(1) for the purposes of this

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Part in respect of the derivative contract mentioned in section 599A(2), the assumption in subsection (2) is to be made.

- (2) The assumption is that an amount in respect of the whole of the contract in question is recognised in determining the company's profit or loss for the period.
  - (3) The credits and debits which are to be brought into account for the purposes of this Part by the company in respect of the contract are to be determined on the basis of fair value accounting.”
- (2) In section 702(3) of CTA 2009 (carrying value), before paragraph (c) insert—
- “(ca) sections 599A and 599B (amounts not fully recognised for accounting purposes),”.
- (3) The amendments made by this paragraph have effect in relation to periods of account beginning on or after 22 April 2009.
- (4) But for the purposes of sub-paragraph (3) a period of account beginning before, and ending on or after, 22 April 2009 is to be treated as if so much of the period as falls before that date, and so much of the period as falls on or after that date, were separate periods of account.

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