



Corporation Tax Act 2009

2009 CHAPTER 4

PART 6

RELATIONSHIPS TREATED AS LOAN RELATIONSHIPS ETC

CHAPTER 2

RELEVANT NON-LENDING RELATIONSHIPS

Introduction: meaning of “relevant non-lending relationship” etc

480 Relevant non-lending relationships involving discounts

- (1) A company has a relevant non-lending relationship if—
 - (a) the company stands in the position of creditor in relation to a money debt,
 - (b) the money debt did not arise from a transaction for the lending of money (and so, because of section 302(1)(b), there is no loan relationship),
 - (c) the money debt is one from which a discount arises to the company,
 - (d) the discount does not fall to be brought into account under section 509 (treatment of alternative finance arrangements as loan relationships etc) as a result of arrangements to which section 503 (purchase and resale arrangements) applies, and
 - (e) in a case where the money debt is some or all of the consideration payable for a disposal of property, conditions A and B are met.
- (2) Condition A is that the property in question is not—
 - (a) an asset representing a loan relationship the disposal of which is a disposal to which subsection (3) applies, or
 - (b) an asset representing a derivative contract the disposal of which is such a disposal.
- (3) This subsection applies to a disposal if—

Status: Point in time view as at 01/12/2009.

Changes to legislation: Corporation Tax Act 2009, Section 480 is up to date with all changes known to be in force on or before 13 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)

- (a) section 340 (group transfers and transfers of insurance business: transfer at notional carrying value) applies to it or would apply apart from section 341 (transferor using fair value accounting),
 - (b) section 625 (group member replacing another as party to derivative contract) applies to it or would apply apart from section 628 (transferor using fair value accounting), or
 - (c) the whole of the consideration for the disposal is brought into account for the purposes of Part 5 (loan relationships) or Part 7 (derivative contracts).
- (4) Condition B is that, assuming that the money debt will be paid in full, it does not fall to be brought into account for corporation tax purposes as a trading receipt of the company.
- (5) For the purposes of this section, a discount is, in particular, taken to arise from a money debt if—
- (a) there is a sale of property for consideration some or all of which is money which falls to be paid after the sale,
 - (b) the amount or value of the whole consideration exceeds what the purchaser would have paid for the property if payment in full had been required at the time of the sale, and
 - (c) some or all of the excess can reasonably be regarded as representing a return on an investment of money at interest (and so as being a discount arising from the money debt).
- (6) It does not matter for the purposes of subsection (1)(c) whether the discount is of a revenue or capital nature.
- (7) This section is subject to section 485 (exclusion of debts where profits or losses within Part 7 or 8).

Modifications etc. (not altering text)

- C1** S. 480(5) applied (with effect in accordance with reg. 1(2) of the amending S.I.) by [Mutual Societies \(Transfers of Business\) \(Tax\) Regulations 2009 \(S.I. 2009/2971\)](#), regs. 1(1), **19(10)**, **22(9)**, **24(5)**

Status:

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