

SCHEDULES

SCHEDULE 20

TAXATION OF HYBRID CAPITAL INSTRUMENTS

PART 2

CORPORATION TAX, INCOME TAX AND CAPITAL GAINS TAX

Loan relationships: credits and debits to be brought into account

5 After section 320A of CTA 2009 insert—

“320B Hybrid capital instruments: amounts recognised in equity

- (1) This section applies if in accordance with generally accepted accounting practice, an amount in respect of a hybrid capital instrument relating to any of the matters in section 306A(1) of CTA 2009—
 - (a) is recognised in equity or shareholders’ funds for a period, and
 - (b) is not recognised in the company’s accounts for the period as an item of profit or loss or as an item of other comprehensive income.
- (2) The amount is to be brought into account for the period for the purposes of this Part in the same way as an amount which is brought into account as a credit or debit in determining the company’s profit or loss for the period in accordance with generally accepted accounting practice.
- (3) But this section does not bring into account for the purposes of this Part any exchange gain or loss of the company which is recognised in the company’s statement of total recognised gains and losses, statement of recognised income and expense, statement of changes in equity or statement of income and retained earnings.”