

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Exchange Gains and Losses (Bringing into Account Gains or Losses) Regulations 2002 and the Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) Regulations 2004 to make provision in relation to bringing into account debits and credits in respect of loan relationships treated as permanent as equity for accounting purposes.

Regulation 1 provides for citation, commencement and effect. Authority for the retrospective effect of these Regulations is given by section 465A(7) of the Corporation Tax Act 2009.

Regulation 2 amends regulation 13 of the Exchange Gains and Losses (Bringing into Account Gains or Losses) Regulations 2002 to bring into account on the disposal of an asset representing a loan relationship amounts disregarded under regulation 12A of the Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) Regulations 2004.

Regulation 3 amends the Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) Regulations 2004 to insert regulation 12A which provides that on a change of accounting practice on or after 1st October 2012 certain amounts in relation to loans as permanent as equity are not brought into account.

Regulation 4 amends the Loan Relationships and Derivative Contracts (Change of Accounting Practice) Regulations 2004 to make it clear that amounts disregarded under regulations 7, 8 and 12A of the Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) Regulations 2004 are not brought into account under those Regulations.

A Tax Information and Impact Note (TIIN) covering this instrument was published on 7th August 2014 alongside draft legislation and is available on the GOV.UK website at [www.gov.uk/government/collections/tax-information-and-impact-notes-tiins](http://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins). It remains an accurate summary of the impacts that apply to this instrument.