



# Capital Gains Tax Act 1979 (repealed 6.3.1992)

## 1979 CHAPTER 14

### PART VI

#### PROPERTY: FURTHER PROVISIONS

##### *Other property*

#### **[<sup>F1</sup>136A Relief for qualifying corporate bonds.**

- (1) In this section “a qualifying loan” means a loan in the case of which—
  - (a) the borrower’s debt is a debt on a security as defined in section 82 above,
  - (b) but for that fact, the loan would be a qualifying loan within the meaning of section 136 above, and
  - (c) the security is a qualifying corporate bond.
- (2) If, on a claim by a person who has made a qualifying loan, the inspector is satisfied that one of the following three conditions is fulfilled, this Act shall have effect as if an allowable loss equal to the allowable amount had accrued to the claimant when the claim was made.
- (3) The first condition is that—
  - (a) the value of the security has become negligible,
  - (b) the claimant has not assigned his right to recover an outstanding amount of the principal of the loan, and
  - (c) the claimant and the borrower are not companies which have been in the same group at any time after the loan was made.
- (4) The second condition is that—
  - (a) the security’s redemption date has passed,

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*Status: Point in time view as at 01/02/1991. This version of this provision has been superseded.*

*Changes to legislation: There are currently no known outstanding effects for the Capital Gains Tax Act 1979 (repealed 6.3.1992), Section 136A. (See end of Document for details)*

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- (b) all the outstanding amount of the principal of the loan was irrecoverable (taking the facts existing on that date) or proved to be irrecoverable (taking the facts existing on a later date), and
  - (c) subsection (3)(b) and (c) above are fulfilled.
- (5) The third condition is that—
  - (a) the security's redemption date has passed,
  - (b) part of the outstanding amount of the principal of the loan was irrecoverable (taking the facts existing on that date) or proved to be irrecoverable (taking the facts existing on a later date), and
  - (c) subsection (3)(b) and (c) above are fulfilled.
- (6) In a case where the inspector is satisfied that the first or second condition is fulfilled, the allowable amount is the lesser of—
  - (a) the outstanding amount of the principal of the loan;
  - (b) the amount of the security's acquisition cost;and if any amount of the principal of the loan has been recovered the amount of the security's acquisition cost shall for this purpose be treated as reduced (but not beyond nil) by the amount recovered.
- (7) In a case where the inspector is satisfied that the third condition is fulfilled, then—
  - (a) if the security's acquisition cost exceeds the relevant amount, the allowable amount is an amount equal to the excess;
  - (b) if the security's acquisition cost is equal to or less than the relevant amount, the allowable amount is nil.
- (8) For the purposes of subsection (7) above the relevant amount is the aggregate of—
  - (a) the amount (if any) of the principal of the loan which has been recovered, and
  - (b) the amount (if any) of the principal of the loan which has not been recovered but which in the inspector's opinion is recoverable.
- (9) Where an allowable loss has been treated under subsection (2) above as accruing to any person and the whole or any part of the relevant outstanding amount is at any time recovered by him, this Act shall have effect as if there had accrued to him at that time a chargeable gain equal to so much of the allowable loss as corresponds to the amount recovered.
- (10) Where—
  - (a) an allowable loss has been treated under subsection (2) above as accruing to a company (the first company), and
  - (b) the whole or any part of the relevant outstanding amount is at any time recovered by a company (the second company) in the same group as the first company,this Act shall have effect as if there had accrued to the second company at that time a chargeable gain equal to so much of the allowable loss as corresponds to the amount recovered.
- (11) In subsections (9) and (10) above "the relevant outstanding amount" means—
  - (a) the amount of the principal of the loan outstanding when the claim was allowed, in a case where the inspector was satisfied that the first or second condition was fulfilled;

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(b) the amount of the part (or the greater or greatest part) arrived at by the inspector under subsection (5)(b) above, in a case where he was satisfied that the third condition was fulfilled.

(12) This section applies if the security was—

- (a) issued on or after 15th March 1989, or
- (b) issued before 15th March 1989 but held on 15th March 1989 by the person who made the loan.]

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**Textual Amendments**

**F1** Ss. 136A, 136B inserted by Finance Act 1990 (c. 29, SIF 63:2), s. 84

**Status:**

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**Changes to legislation:**

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