



# Finance Act 1996

## 1996 CHAPTER 8

### PART IV

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER II

#### LOAN RELATIONSHIPS

*Computational provisions etc.*

#### **84 Debits and credits brought into account.**

- (1) The credits and debits to be brought into account in the case of any company in respect of its loan relationships shall be the sums which, <sup>F1</sup>... when taken together, fairly represent, for the accounting period in question—
  - (a) all profits, gains and losses of the company, including those of a capital nature, which (disregarding interest and any charges or expenses) arise to the company from its loan relationships and related transactions; and
  - (b) all interest under the company's loan relationship and all charges and expenses incurred by the company under or for the purposes of its loan relationships and related transactions.

<sup>F2</sup>(2) .....

- (3) The reference in subsection (1)(b) above to charges and expenses incurred for the purposes of a company's loan relationships and related transactions does not include a reference to any charges or expenses other than those incurred directly—
  - (a) in bringing any of those relationships into existence;
  - (b) in entering into or giving effect to any of those transactions;
  - (c) in making payments under any of those relationships or in pursuance of any of those transactions; or

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(d) in taking steps for ensuring the receipt of payments under any of those relationships or in accordance with any of those transactions.

(4) Where—

- (a) any charges or expenses are incurred by a company for purposes connected—
- (i) with entering into a loan relationship or related transaction, or
  - (ii) with giving effect to any obligation that might arise under a loan relationship or related transaction,
- (b) at the time when the charges or expenses are incurred, the relationship or transaction is one into which the company may enter but has not entered, and
- (c) if that relationship or transaction had been entered into by that company, the charges or expenses would be charges or expenses incurred as mentioned in subsection (3) above,

those charges or expenses shall be treated for the purposes of this Chapter as charges or expenses in relation to which debits may be brought into account in accordance with subsection (1)(b) above to the same extent as if the relationship or transaction had been entered into.

<sup>F3</sup>(4A) .....

(5) [<sup>F4</sup>In this Chapter]“related transaction”, in relation to a loan relationship, means any disposal or acquisition (in whole or in part) of rights or liabilities under that relationship.

(6) The cases where there shall be taken [<sup>F5</sup>for the purposes of subsection (5) above] to be a disposal and acquisition of rights or liabilities under a loan relationship shall include those where such rights or liabilities are transferred or extinguished by any sale, gift, exchange, surrender, redemption or release.

[<sup>F6</sup>(7) Schedule 9 to this Act contains further provisions as to the debits and credits to be brought into account for the purposes of this Chapter.]

#### Textual Amendments

- F1** Words in s. 84(1) repealed (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 10 para. 1\(2\), Sch. 42 Pt. 2\(6\)](#)
- F2** S. 84(2) repealed (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 10 para. 1\(3\), Sch. 42 Pt. 2\(6\)](#)
- F3** S. 84(4A) repealed (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 10 para. 1\(3\), Sch. 42 Pt. 2\(6\)](#)
- F4** Words in s. 84(5) substituted (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 79\(2\), Sch. 23 Pt. 1 para. 2\(2\)](#) (with [Sch. 23 Pt. 3 para. 25](#))
- F5** Words in s. 84(6) substituted (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 79\(2\), Sch. 23 Pt. 1 para. 2\(3\)](#) (with [Sch. 23 Pt. 3 para. 25](#))
- F6** S. 84(7) substituted (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 10 para. 1\(4\)](#)

#### [<sup>F7</sup>84A Exchange gains and losses from loan relationships

(1) The reference in section 84(1)(a) above to the profits, gains and losses arising to a company from its loan relationships and related transactions includes a reference to exchange gains and losses arising to the company from its loan relationships.

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- (2) Subsection (1) above is subject to the following provisions of this section.
- [<sup>F8</sup>(3) Subsection (1) does not apply to an exchange gain or loss of a company to the extent that it arises—
- (a) in relation to an asset or liability representing a loan relationship of the company, or
  - (b) as a result of the translation from one currency to another of the profit or loss of part of the company's business,
- and is recognised in the company's statement of recognised gains and losses or statement of changes in equity.
- (3A) Subsection (1) does not apply to so much of an exchange gain or loss arising to a company in relation to an asset or liability representing a loan relationship of the company as falls within a description prescribed for the purpose in regulations made by the Treasury.]
- <sup>F9</sup>(4) .....
- <sup>F9</sup>(5) .....
- <sup>F9</sup>(6) .....
- <sup>F9</sup>(7) .....
- (8) The Treasury may by regulations make provision for or in connection with bringing into account in prescribed circumstances amounts in relation to which subsection (3) [<sup>F10</sup>or (3A)] above does not, by virtue of subsection (3) above, have effect.
- (9) The reference in subsection (8) above to bringing amounts into account is a reference to bringing amounts into account—
- (a) for the purposes of this Chapter, as credits or debits in respect of the loan relationships of the company concerned; or
  - (b) for the purposes of the Taxation of Chargeable Gains Act 1992.
- (10) Any power to make regulations under this section includes power to make different provision for different cases.][<sup>F11</sup>and power to make provision subject to an election or to other prescribed conditions]

#### Textual Amendments

- F7** S. 84A inserted (24.7.2002 with effect as mentioned in s. 79(3) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 79(2), [Sch. 23 paras. 3, 26\(5\)](#) (with [Sch. 23 para. 25](#))
- F8** S. 84A(3)(3A) substituted for s. 84A(3) (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 10 para. 2\(2\)](#)
- F9** Ss. 84A(4)-(7) repealed (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 10 para. 2\(3\)](#), [Sch. 42 Pt. 2\(6\)](#)
- F10** Words in s. 84A(8) inserted (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 10 para. 2\(4\)](#)
- F11** Words in s. 84A(10) added (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 10 para. 2\(5\)](#)

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## **[<sup>F12</sup>85A Computation in accordance with generally accepted accounting practice**

- (1) Subject to the provisions of this Chapter, the amounts to be brought into account by a company for any period for the purposes of this Chapter are those that, in accordance with generally accepted accounting practice, are recognised in determining the company's profit or loss for the period.
- (2) If a company does not draw up accounts in accordance with generally accepted accounting practice ("correct accounts")—
  - (a) the provisions of this Chapter apply as if correct accounts had been drawn up, and
  - (b) the amounts referred to in this Chapter as being recognised for accounting purposes are those that would have been recognised if correct accounts had been drawn up.
- (3) If a company draws up accounts that rely to any extent on amounts derived from an earlier period of account for which the company did not draw up correct accounts, the amounts referred to in this Chapter as being recognised for accounting purposes in the later period are those that would have been recognised if correct accounts had been drawn up for the earlier period.
- (4) The provisions of subsections (2) and (3) apply where the company does not draw up accounts at all as well as where it draws up accounts that are not correct.

### **Textual Amendments**

**F12** Ss. 85A, 85B substituted for ss. 85, 86 (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 10 para. 3](#)

## **85B Amounts recognised in determining company's profit or loss**

- (1) Any reference in this Chapter to an amount being recognised in determining a company's profit or loss for a period is to an amount being recognised for accounting purposes—
  - (a) in the company's profit and loss account,
  - (b) in the company's statement of recognised gains and losses or statement of changes in equity, or
  - (c) in any other statement of items brought into account in computing the company's profits and losses for that period.
- (2) Subsection (1) does not apply to an amount recognised for accounting purposes by way of correction of a fundamental error.
- (3) The Treasury may by regulations—
  - (a) make provision excluding from subsection (1) amounts of a prescribed description, and
  - (b) make provision for or in connection with bringing into account in prescribed circumstances amounts in relation to which subsection (1) does not have effect by virtue of regulations under paragraph (a) above.
- (4) The regulations may provide that subsection (1) does not apply to prescribed amounts in a period of account to the extent that they derive from or otherwise relate to amounts brought into account in a prescribed manner in a previous period of account.

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- (5) The power to make regulations under this section includes—
- (a) power to make different provision for different cases; and
  - (b) power to make provision subject to an election or to other prescribed conditions.
- (6) The power to make regulations under this section does not apply to exchange gains or losses (but see section 84A(3A) and (8) to (10)).]

#### Textual Amendments

**F12** Ss. 85A, 85B substituted for ss. 85, 86 (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 10 para. 3](#)

### 87 Accounting method where parties have a connection.

- (1) This section applies in the case of a loan relationship of a company where for any accounting period there is a connection between the company and—
- (a) in the case of a debtor relationship of the company, a person standing in the position of a creditor as respects the debt in question; or
  - (b) in the case of a creditor relationship of the company, a person standing in the position of a debtor as respects that debt.
- [<sup>F13</sup>(2) Where this section applies the debits and credits to be brought into account for the purposes of this Chapter as respects the loan relationship must be determined on an amortised cost basis of accounting.
- (2A) The provisions of subsections (2B) and (2C) apply where subsection (2) applies, or ceases to apply, with the result that there is a change of basis of accounting for a loan relationship as between one accounting period of a company and the next.
- (2B) Where for an accounting period (“the relevant period”) a company brings into account debits or credits determined in accordance with an amortised cost basis of accounting, having used a fair value basis of accounting for the immediately previous accounting period (“the previous period”)—
- (a) any amount by which the fair value of the relevant asset or liability at the end of the previous period (“A”) exceeds the cost of the asset or liability that would be given at that time on an amortised cost basis of accounting (“B”) shall be brought into account for the purposes of this Chapter as a debit (in the case of an asset) or credit (in the case of a liability) for the relevant period, and
  - (b) any amount by which B exceeds A shall be brought into account for the purposes of this Chapter as a credit (in the case of an asset) or debit (in the case of a liability) for that period.
- (2C) Where for an accounting period (“the relevant period”) a company brings into account debits or credits determined on the basis of fair value accounting, having used an amortised cost basis of accounting for the immediately previous accounting period (“the previous period”)—
- (a) any amount by which the fair value of the relevant asset or liability immediately before the relevant period (“C”) exceeds the cost of the asset or liability that would be given at that time on an amortised cost basis of accounting (“D”) shall be brought into account for the purposes of this Chapter

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as a credit (in the case of an asset) or debit (in the case of a liability) for the relevant period, and

- (b) any amount by which D exceeds C shall be brought into account for the purposes of this Chapter as a debit (in the case of an asset) or credit (in the case of a liability) for that period.]

(3) For the purposes of this section there is a connection between a company and another person for an accounting period if (subject to subsection (4) and section 88 below)—

- (a) the other person is a company and there is a time in that period <sup>F14</sup> . . . when one of the companies has had control of the other; [<sup>F15</sup>or]
- (b) the other person is a company and there is a time in that period <sup>F16</sup> . . . when both the companies have been under the control of the same person; or
- (c) <sup>F17</sup> . . . . .

(4) Two companies which have at any time been under the control of the same person shall not, by virtue of that fact, be taken for the purposes of this section to be companies between whom there is a connection if the person was the Crown, a Minister of the Crown, a government department, a Northern Ireland department, a foreign sovereign power or an international organisation.

(5) The references in subsection (1) above to a person who stands in the position of a creditor or debtor as respects a loan relationship include references to a person who indirectly stands in that position by reference to a series of loan relationships [<sup>F18</sup>or money debts which would be loan relationships if a company directly stood in the position of creditor or debtor] .

[<sup>F19</sup>(5A) Where a trade, profession or business is carried on by two or more persons in partnership (“the firm”) and the firm stands in the position of a creditor or debtor as respects a money debt, any question—

- (a) whether there is for the purposes of this Chapter a connection, within the meaning of this section, between any two companies for an accounting period in the case of a loan relationship, or
- (b) to what extent any amount is to be treated under this Chapter in any particular way as a result of there being, or not being, such a connection,

shall be determined as if to the extent of his appropriate share each of the partners separately, instead of the firm, stood in the position of a creditor or, as the case may be, debtor as respects the money debt.

The reference in the words following paragraph (b) above to partners does not include a reference to the general partner of a limited partnership which is a collective investment scheme within the meaning of section 235 of the Financial Services and Markets Act 2000.

(5B) For the purposes of subsection (5A) above, a partner’s “appropriate share” is the share that would be apportioned to him if an apportionment were made in the shares in which any profit or loss computed in accordance with subsection (1) of section 114 of the Taxes Act 1988 for the accounting period in question would be apportioned between the partners under subsection (2) of that section.]

(6) <sup>F20</sup> . . . . .

(7) <sup>F20</sup> . . . . .

(8) <sup>F20</sup> . . . . .

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### Textual Amendments

- F13** S. 87(2)-(2C) substituted for s. 87(2) (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 10 para. 4](#)
- F14** Words in s. 87(3)(a) repealed (24.7.2002 with effect as mentioned in s. 82(2) of the repealing Act) by [Finance Act 2002 \(c. 23\)](#), ss. 82(1), 141, [Sch. 25 Pt. 1 para. 7\(2\)\(a\)](#), [Sch. 40 Pt. 3\(12\)](#)
- F15** Word in s. 87(3)(a) inserted (24.7.2002 with effect as mentioned in s. 82(2) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 82(1), [Sch. 25 Pt. 1 para. 7\(2\)\(b\)](#)
- F16** Words in s. 87(3)(b) repealed (24.7.2002 with effect as mentioned in s. 82(2) of the repealing Act) by [Finance Act 2002 \(c. 23\)](#), ss. 82(1), 141, [Sch. 25 Pt. 1 para. 7\(3\)](#), [Sch. 40 Pt. 3\(12\)](#)
- F17** S. 87(3)(c) repealed (24.7.2002 with effect as mentioned in s. 82(2) of the repealing Act) by [Finance Act 2002 \(c. 23\)](#), ss. 82(1), 141, [Sch. 25 Pt. 1 para. 7\(4\)](#), [Sch. 40 Pt. 3\(12\)](#)
- F18** Words in s. 87(5) inserted (24.7.2002 with effect as mentioned in s. 82(2) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 82(1), [Sch. 25 Pt. 1 para. 7\(5\)](#)
- F19** S. 87(5A)(5B) inserted (24.7.2002 with effect as mentioned in s. 82(2) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 82(1), [Sch. 25 Pt. 1 para. 7\(6\)](#)
- F20** S. 87(6)-(8) repealed (24.7.2002 with effect as mentioned in s. 82(2) of the repealing Act) by [Finance Act 2002 \(c. 23\)](#), ss. 82(1), 141, [Sch. 25 Pt. 1 para. 7\(7\)](#), [Sch. 40 Pt. 3\(12\)](#)

### Modifications etc. (not altering text)

- C1** S. 87(3) applied (24.7.2002) by [Finance Act 2002 \(c. 23\)](#), [s. 73\(8\)](#)
- C2** S. 87(3)(4) applied (with modifications) (24.7.2002 with effect as mentioned in [s. 83\(3\)\(4\)](#) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 83(1), [Sch. 26 Pt. 2 paras. 6\(9\)](#), [7\(8\)](#) (with [Sch. 26 Pt. 2 para. 10\(2\)](#))
- S. 87(3)(4) applied (with modifications) (24.7.2002 with effect as mentioned in [s. 83\(3\)\(4\)](#) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 83(1), [Sch. 26 Pt. 6 para. 26\(6\)](#)

## [<sup>F21</sup>87A Meaning of “control” in section 87

- (1) For the purposes of section 87 above, “control”, in relation to a company, means the power of a person to secure—
- by means of the holding of shares or the possession of voting power in or in relation to the company or any other company, or
  - by virtue of any powers conferred by the articles of association or other document regulating the company or any other company,
- that the affairs of the company are conducted in accordance with his wishes.
- (2) There shall be left out of account for the purposes of this section—
- any shares held by a company, and
  - any voting power or other powers arising from shares held by a company,
- if a profit on a sale of the shares would be treated as a trading receipt of a trade carried on by the company and the shares are not, within the meaning of Chapter 1 of Part 12 of the Taxes Act 1988, assets of an insurance company’s long-term insurance fund (see section 431(2) of that Act).
- (3) Where section 114 of the Taxes Act 1988 (partnerships involving companies: special rules for computing profits and losses) applies in relation to a partnership, any property, rights or powers held or exercisable for the purposes of the partnership shall be treated for the purposes of this section, as respects any time in an accounting period of the partnership, as if—



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- (a) the property, rights or powers had been apportioned between, and were held or exercisable by, the partners severally, and
  - (b) the apportionment had been in the shares in which the profit or loss of the accounting period of the partnership would be apportioned between the partners under subsection (2) of that section,
- but taking the references in paragraphs (a) and (b) above to partners as not including a reference to the general partner of a limited partnership which is a collective investment scheme within the meaning of section 235 of the Financial Services and Markets Act 2000.]

#### Textual Amendments

**F21** S. 87A inserted (24.7.2002 with effect as mentioned in s. 82(2) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 82(1), [Sch. 25 Pt. 1 para. 8](#)

#### Modifications etc. (not altering text)

**C3** S. 87A applied (with modifications) (24.7.2002 with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 83(1), [Sch. 26 Pt. 2 paras. 6\(9\), 7\(8\)](#) (with [Sch. 26 Pt. 2 para. 10\(2\)](#))

S. 87A applied (with modifications) (24.7.2002 with effect as mentioned in s. 83(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 83(1), [Sch. 26 Pt. 6 para. 26\(6\)](#)

## 88 Exemption from section 87 in certain cases.

- (1) Subject to subsection (5) below, where a creditor relationship of a company is one to which that company is a party in any accounting period in exempt circumstances, any connection for that accounting period between the company and a person who stands in the position of a debtor as respects the debt shall be disregarded for the purposes of section 87 above.
- (2) A company having a creditor relationship in any accounting period shall, for that period, be taken for the purposes of this section to be a party to that relationship in exempt circumstances if—
  - (a) the company, in the course of carrying on any activities forming an integral part of a trade carried on by that company in that period, disposes of or acquires assets representing creditor relationships;
  - <sup>F22</sup>(b) .....
  - (c) the asset representing the creditor relationship in question was acquired in the course of those activities;
  - (d) that asset is either—
    - (i) listed on a recognised stock exchange at the end of that period; or
    - (ii) a security the redemption of which must occur within twelve months of its issue;
  - (e) there is a time in that period when assets of the same kind as the asset representing the loan relationship in question are in the beneficial ownership of persons other than the company; and
  - (f) there is not more than three months, in aggregate, in that accounting period during which the equivalent of 30 per cent. or more of the assets of that kind is in the beneficial ownership of connected persons.



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- (3) An insurance company carrying on basic life assurance and general annuity business and having a creditor relationship in any accounting period shall, for that period, be taken for the purposes of this section to be a party to that relationship in exempt circumstances if—
- (a) assets of the company representing any of its creditor relationships are linked for that period to its basic life assurance and general annuity business;
  - <sup>F23</sup>(b) . . . . .
  - (c) the asset representing the creditor relationship in question is so linked;
  - (d) that asset is either—
    - (i) listed on a recognised stock exchange at the end of that period; or
    - (ii) a security the redemption of which must occur within twelve months of its issue;
  - (e) there is a time in that period when assets of the same kind as the asset representing the creditor relationship in question are in the beneficial ownership of persons other than the company; and
  - (f) there is not more than three months, in aggregate, in that accounting period during which the equivalent of 30 per cent. or more of the assets of that kind is in the beneficial ownership of connected persons.
- (4) For the purposes of subsections (2) and (3) above—
- (a) assets shall be taken to be of the same kind where they are treated as being of the same kind by the practice of any recognised stock exchange, or would be so treated if dealt with on such a stock exchange; and
  - (b) a connected person has the beneficial ownership of an asset wherever there is, or (apart from this section) would be, a connection (within the meaning of section 87 above) between—
    - (i) the person who has the beneficial ownership of the asset, and
    - (ii) a person who stands in the position of a debtor as respects the money debt by reference to which any loan relationship represented by that asset subsists.
- (5) Where for any accounting period—
- (a) subsection (1) above has effect in the case of a creditor relationship of a company, and
  - (b) the person who stands in the position of a debtor as respects the debt in question is also a company,
- that subsection shall not apply for determining, for the purposes of so much of section 87 above as relates to the corresponding debtor relationship, whether there is a connection between the two companies.
- (6) Subsection (5) of section 87 above shall apply for the purposes of this section as it applies for the purposes of that section.
- (7) In this section “basic life assurance and general annuity business” and “insurance company” have the same meanings as in Chapter I of Part XII of the Taxes Act 1988, and section 432ZA of that Act (linked assets) shall apply for the purposes of this section as it applies for the purposes of that Chapter.

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#### Textual Amendments

- F22** S. 88(2)(b) repealed (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 10 para. 5](#), [Sch. 42 Pt. 2\(6\)](#)
- F23** S. 88(3)(b) repealed (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 10 para. 5](#), [Sch. 42 Pt. 2\(6\)](#)

### [<sup>F24</sup>**88A Accounting method where rate of interest is reset**

- (1) This section applies where—
- (a) the conditions in subsections (2) and (3) below are satisfied in relation to an asset representing a creditor relationship of a company; and
  - (b) the object, or one of the main objects, of the company entering into or becoming a party to the creditor relationship was the securing, whether for itself or any other person, of a tax advantage (within the meaning of Chapter 1 of Part 17 of the Taxes Act 1988).
- (2) The first condition is that there is or has at any time been a change in—
- (a) the rate of interest payable in the case of the asset;
  - (b) the amount payable to discharge the debt; or
  - (c) the time at which any payments under the asset (whether of interest or otherwise) fall due.
- (3) The second condition is that the difference between—
- (a) the fair value of the asset immediately after the change, and
  - (b) the issue price of the asset,
- is equal to at least 5 per cent of the issue price of the asset.
- (4) On and after the day on which the conditions in subsections (2) and (3) above become satisfied in the case of an asset, [<sup>F25</sup>the debits and credits to be brought into account for the purposes of this Chapter as respects the loan relationship must be determined on the basis of fair value accounting] .
- <sup>F26</sup>(5) . . . . .
- (6) In determining the fair value of an asset for any purpose of this section it shall be assumed that all amounts payable by the debtor will be paid in full as they fall due.]

#### Textual Amendments

- F24** S. 88A inserted (24.7.2002 with effect as mentioned in [s. 71\(2\)\(4\)](#) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [s. 71\(1\)](#)
- F25** Words in [s. 88A\(4\)](#) substituted (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 10 para. 6\(2\)](#)
- F26** S. 88A(5) repealed (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 10 para. 6\(3\)](#), [Sch. 42 Pt. 2\(6\)](#)

### **89 Inconsistent application of accounting methods.**

<sup>F27</sup> . . . . .

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**Textual Amendments**

**F27** S. 89 repealed (24.7.2002 with effect as mentioned in s. 82(2) of the repealing Act) by [Finance Act 2002 \(c. 23\)](#), ss. 82(1), 141, [Sch. 25 Pt. 1 para. 9](#), [Sch. 40 Pt. 3\(12\)](#)

**<sup>F28</sup>90 Changes of accounting method.**

.....

**Textual Amendments**

**F28** S. 90 repealed (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 10 para. 7](#), [Sch. 42 Pt. 2\(6\)](#)

**[<sup>F29</sup>90A Change of accounting basis applicable to assets or liabilities**

- (1) The Treasury may by regulations provide that where in accordance with generally accepted accounting practice assets or liabilities of a company that were previously dealt with for accounting purposes on an amortised cost basis of accounting are required to be dealt with for accounting purposes on the basis of fair value accounting, the debits or credits to be brought into account for the purposes of this Chapter shall continue to be determined on an amortised cost basis of accounting.
- (2) The power to make regulations under this section includes power—
  - (a) to make different provision for different cases;
  - (b) to make such consequential, supplementary, incidental or transitional provision, or savings, as appear to the Treasury to be necessary or expedient; and
  - (c) to make provision subject to an election or to other prescribed conditions.]

**Textual Amendments**

**F29** S. 90A inserted (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 10 para. 8](#)

**91 Payments subject to deduction of tax.**

**F30** .....

**Textual Amendments**

**F30** S. 91 repealed (24.7.2002 with effect as mentioned in s. 82(2) of the repealing Act) by [Finance Act 2002 \(c. 23\)](#), ss. 82(1), 141, [Sch. 25 Pt. 1 para. 11](#), [Sch. 40 Pt. 3\(12\)](#)

**Status:**

Point in time view as at 05/10/2004.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1996, Cross Heading: Computational provisions etc..