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*Status: Point in time view as at 29/04/1996.*

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## SCHEDULES

### SCHEDULE 15

#### LOAN RELATIONSHIPS: SAVINGS AND TRANSITIONAL PROVISIONS

##### PART I

##### CORPORATION TAX

##### *Deep discount securities*

- 19 (1) This Chapter shall not affect—
- (a) the application of paragraph 3 of Schedule 4 to the Taxes Act 1988 (charge to tax after acquisition of deep discount securities) in relation to occasions before 1st April 1996;
  - (b) the application of paragraph 4 of that Schedule (charge to tax on disposal of such securities) in relation to any disposal before that date; or
  - (c) the application of paragraph 5 of that Schedule (relief in respect of the income element), in accordance (where applicable) with paragraphs 9 and 10 of that Schedule, in relation to income periods ending before that date.
- (2) For the purposes of paragraph 5 of Schedule 4 to the Taxes Act 1988 and sub-paragraph (1)(c) above every income period current on 31st March 1996 shall be deemed to end on that date.
- (3) The repeal by this Act of section 64 of the <sup>M1</sup>Finance Act 1993 (deemed transfers in the case of deep discount securities) and of enactments relating to that section shall not apply in relation to relevant times falling before 1st April 1996; but for the purposes of that section and this sub-paragraph 31st March 1996 shall be deemed (where it would not otherwise be so) to be the last day of an accounting period.
- (4) Where—
- (a) a company issued a deep discount security before 1st April 1996 which was not redeemed before that date, and
  - (b) there is a difference between the adjusted issue price of the security as at 31st March 1996 and the adjusted closing value of that security as at that date,
- the amount of that difference shall, in the case of that company, be brought into account for the purposes of this Chapter in accordance with sub-paragraph (5) below.
- (5) An amount falling to be brought into account for the purposes of this Chapter in accordance with this sub-paragraph shall be brought into account for those purposes for the accounting period in which the security is redeemed—

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- (a) if the adjusted issue price of the security as at 31st March 1996 is greater than the adjusted closing value of the security as at that date, as a non-trading credit; and
- (b) if the adjusted closing value of the security as at that date is the greater, as a non-trading debit.

(6) Where—

- (a) a company held a deep discount security on 31st March 1996,
- (b) the company did not make any disposal of that security on that date,
- (c) the security is not one in relation to which there is, or is deemed to be, a relevant time on that date for the purposes of section 64 of the <sup>M2</sup>Finance Act 1993, and
- (d) there is an amount which, if the company had made a disposal of that security on that date, would have been treated under paragraph 4 of Schedule 4 to the Taxes Act 1988 as income chargeable to tax under Case III or IV of Schedule D,

that amount shall be brought into account as a non-trading credit given for the purposes of this Chapter for the accounting period mentioned in sub-paragraph (9) below.

(7) Where—

- (a) a company held a deep discount security on 31st March 1996,
- (b) the conditions specified in sub-paragraph (6)(b) and (c) above are satisfied in relation to that security,
- (c) the security is not an asset falling to be treated as a relevant asset of the company for the purposes of paragraph 11 above, and
- (d) there is a difference between the adjusted issue price of the security as at 31st March 1996 and the adjusted closing value of that security as at that date,

the amount of that difference (in addition to any amount given by sub-paragraph (6) above) shall, in the case of that company, be brought into account for the purposes of this Chapter in accordance with sub-paragraph (8) below.

(8) An amount falling to be brought into account for the purposes of this Chapter in accordance with this sub-paragraph shall be brought into account for those purposes for the accounting period mentioned in sub-paragraph (9) below—

- (a) if the adjusted issue price of the security as at 31st March 1996 is greater than the adjusted closing value of the security as at that date, as a non-trading debit; and
- (b) if the adjusted closing value of the security as at that date is the greater, as a non-trading credit.

(9) That period is the accounting period in which falls whichever is the earliest of the following, that is to say—

- (a) the earliest day after 31st March 1996 on which, under the terms on which the security was issued, the company holding the security is entitled to require it to be redeemed;
- (b) the day on which the security is redeemed; and
- (c) the day on which the company makes a disposal of that security.

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- (10) The repeal by this Act of the reference in any enactment to, or to any provision of, paragraph 5 of Schedule 4 to the Taxes Act 1988 shall not have effect in relation to amounts treated as paid before 1st April 1996.
- (11) For the purposes of this paragraph, in relation to any company—
- (a) the adjusted issue price of a deep discount security as at 31st March 1996 is whatever for the purposes of Schedule 4 to the Taxes Act 1988 would have been the adjusted issue price of that security for an income period beginning with 1st April 1996; and
  - (b) the adjusted closing value of a security as at 31st March 1996 is the amount which for the purposes of this Chapter is the opening value as at 1st April 1996 of the company's rights and liabilities under the loan relationship of the company that is represented by that security;
- and sub-paragraph (7) of paragraph 5 above shall apply for the purposes of this sub-paragraph as it applies for the purposes of that paragraph.
- (12) In this paragraph “deep discount security”, “disposal” and “income period” have the same meanings as in Schedule 4 to the Taxes Act 1988.

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**Marginal Citations**

**M1** 1993 c. 34.

**M2** 1993 c. 34.

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