

SCHEDULES

SCHEDULE 15

LOAN RELATIONSHIPS: SAVINGS AND TRANSITIONAL PROVISIONS

PART I

CORPORATION TAX

Transitional for accrued income scheme

- 18 (1) Subject to sub-paragraph (2) below, where, apart from this Chapter, any company would be treated under subsection (2) or (4) of section 714 of the Taxes Act 1988 (treatment of deemed sums and reliefs under accrued income scheme)—
- (a) as receiving any amount at the end of a period beginning before and ending on or after 1st April 1996, or
 - (b) as entitled to any allowance of any amount in such a period,
- that amount shall be brought into account as a non-trading credit or, as the case may be, non-trading debit given for the purposes of this Chapter for the company's first relevant accounting period, instead of in accordance with that subsection.
- (2) A debit in respect of an allowance relating to a security shall not, in the case of any company, be brought into account for the purposes of this Chapter in accordance with sub-paragraph (1) above if—
- (a) the security was transferred to that company with accrued interest in a transitional accounting period; and
 - (b) for the purposes of this Chapter an authorised accruals basis of accounting is used for that period as respects the creditor relationship of the company represented by that security.
- (3) Where any excess would, apart from this Chapter, be available by virtue of section 103(4) of the Finance Act 1993 (transitional provision in connection with the repeal of section 724(7) of the Taxes Act 1988) to be applied in reducing the annual profits or gains of a company (if any) for its first relevant accounting period, that excess shall be brought into account for the purposes of this Chapter in the case of that company as a non-trading debit for that period.
- (4) Subsection (6) of section 807 of the Taxes Act 1988 shall not prevent that section from having effect for an accounting period ending on or after 1st April 1996 in relation to amounts brought into account under this paragraph.
- (5) The repeal by this Act of section 63 of the Finance Act 1993 (deemed transfers for the purposes of the accrued income scheme) and of enactments relating to that section shall not apply in relation to relevant days 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.