



Finance Act 1996

1996 CHAPTER 8

PART IV

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER VI

MISCELLANEOUS PROVISIONS

Participators in close companies

173 Loans to participators etc

- (1) Section 419 of the Taxes Act 1988 (loans to participators etc.) shall be amended in accordance with subsections (2) to (4) below.
- (2) For subsection (3) (time when tax becomes due) there shall be substituted the following subsection—
 - “(3) Tax due by virtue of this section in relation to any loan or advance shall be due and payable on the day following the expiry of nine months from the end of the accounting period in which the loan or advance was made.”
- (3) After subsection (4) (relief in respect of repayment) there shall be inserted the following subsection—
 - “(4A) Where the repayment of the whole or any part of a loan or advance occurs on or after the day on which tax by virtue of this section becomes due in relation to that loan or advance, relief in respect of the repayment shall not be given under subsection (4) above at any time before the expiry of nine months from the end of the accounting period in which the repayment occurred.”

Status: This is the original version (as it was originally enacted).

- (4) In subsection (6) (application to loans and advances to certain companies who are participators etc.), the words “and to a company not resident in the United Kingdom” shall be omitted.
- (5) In section 826(4) of that Act (interest on repayment of tax by virtue of section 419), for paragraph (a) there shall be substituted the following paragraph—
- “(a) the date when the entitlement to relief in respect of the repayment accrued, that is to say—
- (i) where the repayment of the loan or advance (or part thereof) occurred on or after the day mentioned in section 419(4A), the date nine months after the end of that accounting period; and
- (ii) in any other case, the date nine months after the end of the accounting period in which the loan or advance was made;
- or”.
- (6) This section has effect in relation to any loan or advance made in an accounting period ending on or after 31st March 1996.