



Finance Act 1996

1996 CHAPTER 8

PART IV

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER II

LOAN RELATIONSHIPS

Special cases

[^{F1}93B Loan relationships ceasing to be within section 93

- (1) Where a loan relationship of a company—
 - (a) ceases at any time to be a loan relationship to which section 93 above applies, but
 - (b) does not cease at that time to be a loan relationship of that company,subsection (2) below shall have effect in relation to the asset representing that relationship.
- (2) Where this subsection has effect in relation to an asset representing a loan relationship of a company, the company shall be deemed for the purposes of the Taxation of Chargeable Gains Act 1992 and this Chapter—
 - (a) to have disposed of the asset for the relevant consideration immediately before the time when the loan relationship ceases to be one to which section 93 above applies, and
 - (b) to have re-acquired it for the relevant consideration immediately after that time.
- (3) Any deemed disposal and re-acquisition of an asset under subsection (2) above shall be treated for the purposes of the Taxation of Chargeable Gains Act 1992 as a transaction in the case of which—

Status: Point in time view as at 06/04/2003. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Section 93B. (See end of Document for details)

- (a) sections 127 to 130 of that Act would apply, apart from the provisions of section 116 of that Act, by virtue of any provision of Chapter 2 of Part 4 of that Act;
 - (b) the asset in question represents both the original shares and the new holding for the purposes of those sections;
 - (c) the market value of the asset at the time of the transaction is an amount equal to the relevant consideration.
- (4) Subject to subsection (5) below, in subsections (2) and (3) above “the relevant consideration”, in relation to an asset, means the amount that would have been taken, in accordance with the relevant accounting method, to be the value of the asset at the time of its deemed disposal if that method had been applied to the asset for tax purposes at all times until then.
- (5) Section 93(5) above shall not apply in the case of a deemed disposal and re-acquisition under subsection (2) above; but the amount of the relevant consideration in such a case shall be treated for the purposes of the Taxation of Chargeable Gains Act 1992 as reduced by so much (if any) of the amount mentioned in subsection (4) above as is referable to interest which—
- (a) is not paid or payable to the company before the time of the deemed disposal; but
 - (b) is interest falling to be brought into account under section 93(2) and (3) above as having accrued before that time.
- (6) In subsection (4) above “the relevant accounting method”, in relation to an asset representing a loan relationship of a company, means the accounting method which, for the accounting period of that company in which the deemed re-acquisition takes place, is used as respects that asset and the part of that accounting period beginning with the deemed re-acquisition.
- (7) This section shall be construed as one with section 93 above.]

Textual Amendments

F1 S. 93B inserted (24.7.2002 with effect as mentioned in s. 77(2)(3) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 77(1)

Status:

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