



Finance Act 1996

1996 CHAPTER 8

PART IV

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER II

LOAN RELATIONSHIPS

Special cases

[^{F1}94A Loan relationships with embedded derivatives

- (1) This section applies where a company [^{F2}in accordance with generally accepted accounting practice treats] the rights and liabilities under a loan relationship to which it is party (whether as debtor or creditor) as divided between—
- (a) rights and liabilities under a loan relationship (the “host contract”), and
 - (b) rights and liabilities under one or more derivative financial instruments or equity instruments (“embedded derivatives”).
- (2) The company shall be treated—
- (a) for the purposes of this Chapter as party to a loan relationship whose rights and liabilities consist only of the rights and liabilities of the host contract, and
 - (b) for the purposes of Schedule 26 to the Finance Act 2002 (derivative contracts) as—
 - (i) party to a relevant contract within the meaning of that Schedule whose rights and liabilities consist only of those of the embedded derivative, or
 - (ii) if there is more than one embedded derivative, party to relevant contracts within the meaning of that Schedule each of whose rights and liabilities consist only of those of one of the embedded derivatives.

Status: Point in time view as at 19/07/2006. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Section 94A. (See end of Document for details)

- (3) Each relevant contract to which the company is treated as party under subsection (2)(b) shall be treated for the purposes of that Schedule as an option, a future or a contract for differences according to whether the rights and liabilities of the embedded derivative would be of that character if contained in a separate contract.]

Textual Amendments

- F1** S. 94A inserted (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 10 para. 13](#)
- F2** Words in s. 94A(1) substituted (7.4.2005) by [Finance Act 2005 \(c. 7\)](#), [Sch. 4 para. 28\(2\)](#)

Status:

Point in time view as at 19/07/2006. This version of this provision has been superseded.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1996, Section 94A.