

## SCHEDULES

### SCHEDULE 25

#### LOAN RELATIONSHIPS

#### PART 2

#### AMENDMENTS OF OTHER ENACTMENTS

#### *The Taxes Act 1988*

#### *Restriction of relief for payments of interest*

- 53 (1) Section 787 is amended as follows.
- (2) After subsection (1) insert—
- “(1A) This section has effect in relation to Chapter 2 of Part 4 of the Finance Act 1996 (loan relationships) but taking the reference in subsection (1) above to giving relief to any person in respect of any payment of interest as including a reference to the bringing into account by any person in accordance with that Chapter of any debit in respect of interest (whether a payment or not); and other references in this section to relief shall be construed accordingly.”
- (3) For subsection (3) (determination of question as to benefit that might be expected to accrue in a case where the relief is claimed by virtue of section 83(2)(b) of the Finance Act 1996) substitute—
- “(3) Where the relief is claimed by virtue of section 403—
- (a) in respect of a deficit to which section 83 of the Finance Act 1996 applies (non-trading deficit on loan relationships), or
- (b) in respect of trading losses, in a case where in computing those losses debits in respect of loan relationships are treated under section 82(2)(b) of that Act as expenses of the trade which are deductible in computing the profits of the trade,
- any question under this section as to what benefit might be expected to accrue from the transaction in question shall be determined by reference to the claimant company and the surrendering company taken together.”