

Status: Point in time view as at 21/07/2008. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2002, Paragraph 14. (See end of Document for details)

SCHEDULES

SCHEDULE 26

DERIVATIVE CONTRACTS

Modifications etc. (not altering text)

- C1 Sch. 26 modified by 1996 c. 8, s. 86(3C) (as inserted (24.7.2002 with effect as mentioned in s. 82(2) of the amending Act) by 2002 c. 23, s. 82, Sch. 25 Pt. 1 para. 6(3))
- C1 Sch. 26 modified by 1996 c. 8, s. 94A (as inserted (with effect in accordance with s. 52(3) of the amending Act) by Finance Act 2004 (c. 12), Sch. 10 para. 13)
- C1 Sch. 26 applied by 1988 c. 1, s. 440(2B) (as amended (with effect in accordance with s. 52(3) of the amending Act) by Finance Act 2004 (c. 12), Sch. 10 para. 70)
- C1 Sch. 26 applied (with modifications) (5.10.2004) by Energy Act 2004 (c. 20), s. 198(2), Sch. 9 para. 12 (with s. 38(2)); S.I. 2004/2575, art. 2(1), Sch. 1
- C1 Sch. 26 applied (with modifications) (5.10.2004) by Energy Act 2004 (c. 20), s. 198(2), Sch. 9 para. 24 (with s. 38(2)); S.I. 2004/2575, art. 2(1), Sch. 1
- C1 Sch. 26 modified (8.6.2005) by Railways Act 2005 (c. 14), s. 60(2), Sch. 10 para. 7; S.I. 2005/1444, art. 2(1), Sch. 1
- C1 Sch. 26 modified (8.6.2005) by Railways Act 2005 (c. 14), s. 60(2), Sch. 10 para. 19; S.I. 2005/1444, art. 2(1), Sch. 1
- C1 Sch. 26 modified (19.7.2006) by Finance Act 2006 (c. 25), s. 136(2)(e)
- C1 Sch. 26 extended (retrospective to 30.9.2002) by Finance Act 2003 (c. 14), s. 177(4)(8)(11)

PART 3

METHOD OF TAXATION

Method of bringing amounts into account

- 14 (1) For the purposes of corporation tax the profits and losses arising from the derivative contracts of a company shall be computed in accordance with this paragraph using the credits and debits given for the accounting period in question by the following provisions of this Schedule.
- (2) To the extent that, in any accounting period, a derivative contract of a company is one to which the company is party for the purposes of a trade carried on by it, the credits and debits given in respect of that contract for that period shall be treated (according to whether they are credits or debits) either—
- (a) as receipts of that trade falling to be brought into account in computing the profits of that trade for that period; or
 - (b) as expenses of that trade which are deductible in computing those profits.
- (3) Where for any accounting period there are, in respect of the derivative contracts of a company, credits and debits that are not brought into account under sub-

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paragraph (2), they shall be brought into account for that accounting period as if they were non-trading credits or non-trading debits falling to be brought into account for the purposes of Chapter 2 of Part 4 of the Finance Act 1996 (c. 8) in respect of loan relationships of the company.

- (4) Sub-paragraph (2), so far as it provides for any amount to be deductible as mentioned in paragraph (b) of that sub-paragraph, shall have effect notwithstanding anything in section 74 of the Taxes Act 1988 (allowable deductions).

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