



Finance Act 2002

2002 CHAPTER 23

PART 3

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 2

OTHER PROVISIONS

Loan relationships

75 **Asset-linked loan relationships**

- (1) Section 93 of the Finance Act 1996 (c. 8) (relationships linked to the value of chargeable assets) is amended as follows.
- (2) In subsection (1) (application of section and exclusion of cases where dealing in loan relationships is part of a trade)—
 - (a) for “unless it is one” substitute “unless—
 - (a) in a case where the loan relationship is a creditor relationship, the asset representing the loan relationship is one”; and
 - (b) at the end of that subsection insert—
 - “(b) in a case where the loan relationship is a debtor relationship, the liability representing the loan relationship is a liability entered into by the company in the course of activities forming an integral part of a trade carried on by the company; or
 - (c) the loan relationship is one to which section 93A below applies.”.
- (3) In subsection (10) (meaning of chargeable asset) for the words from “if” to the end substitute—

Status: This is the original version (as it was originally enacted).

“the asset is—

- (a) an estate or interest in land (wherever situated), or
- (b) qualifying ordinary shares which are listed on a recognised stock exchange.”.

(4) Subsection (11) (assumptions applying to determine if disposal is chargeable gain for the purposes of subsection (10)) shall cease to have effect.

(5) After subsection (12) insert—

“(12A) In subsection (10)(b) above “qualifying ordinary shares”, in relation to a company, means shares representing some or all of the issued share capital (by whatever name called) of the company, other than—

- (a) capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the company, or
- (b) capital the holders of which have no right to a dividend of any description nor any other right to share in the profits of the company.”.

(6) Subsection (13) (which makes provision in respect of certain indices which, in consequence of the amendment made by subsection (3) above, cannot be indices of chargeable assets) shall cease to have effect.

(7) At the end of the section add—

“(14) This section is supplemented by section 93B below.”.

(8) The amendments made by this section do not have effect for the purpose of determining, in relation to such part of an accounting period as falls before 26th July 2001, whether a loan relationship is, or has ceased to be, a loan relationship to which section 93 of the Finance Act 1996 (c. 8) applies.

(9) Subject to subsection (8), the amendments made by this section have effect for accounting periods ending on or after 26th July 2001 in relation to any loan relationship of a company, unless the loan relationship in question is one to which the company ceased to be a party before that date.