



# Finance Act 2003

## 2003 CHAPTER 14

### PART 7

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX: GENERAL

##### *Miscellaneous*

#### **179 Derivative contracts: transactions within groups**

- (1) In paragraph 28 of Schedule 26 to the Finance Act 2002 (c. 23), in sub-paragraph (3) (a) (credits and debits to be brought into account: disregard of the transaction or series of transactions except for certain purposes) after “except” insert—
  - “(i) for the purpose of determining the credits and debits to be brought into account in respect of exchange gains or losses and identifying the company which is to bring them into account, or
  - (ii)”.
- (2) In sub-paragraph (3)(b) of that paragraph (transferor and transferee deemed to be the same person, except for that purpose) for “that purpose” substitute “those purposes”.
- (3) For sub-paragraph (4) of that paragraph substitute—
  - “(4) References in this paragraph to one company replacing another as party to a derivative contract shall include references to a company becoming party to any derivative contract which—
    - (a) confers rights or imposes liabilities, or
    - (b) both confers rights and imposes liabilities,where those rights or liabilities, or rights and liabilities, are equivalent to those of the other company under a derivative contract to which that other company has previously ceased to be party.”.
- (4) For paragraph 30 of that Schedule (amount to be brought into account on transaction within a group where transferor uses mark to market basis of accounting) substitute—

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*Status: This is the original version (as it was originally enacted).*

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- “30 (1) Paragraph 28 does not apply where the transferor company uses an authorised mark to market basis of accounting as respects the derivative contract in question, but in any such case—
- (a) the amount to be brought into account by the transferor company in respect of the transaction referred to in that paragraph, or in respect of the series of transactions there referred to, taken together, must be the fair value of the derivative contract as at the date of transfer to the transferee company; and
  - (b) the amount to be brought into account by the transferee company in respect of the transaction referred to in that paragraph, or in respect of the series of transactions there referred to, taken together, must be the same as the amount brought into account by the transferor company in respect of that transaction or, as the case may be, that series of transactions, taken together.
- (2) In this paragraph “transferor company” and “transferee company” have the same meaning as in paragraph 28.”.
- (5) The amendments made by this section have effect where the date of transfer to the transferee company falls on or after 9th April 2003.