

Status: Point in time view as at 22/07/2004.

Changes to legislation: Finance Act 2004, Paragraph 1 is up to date with all changes known to be in force on or before 29 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

SCHEDULE 26 **U.K.**

OFFSHORE FUNDS

Computation of UK equivalent profits: creditor relationships

- 1 (1) In paragraph 5(3) of Schedule 27 to the Taxes Act 1988 (offshore funds: assumptions to be made in computing UK equivalent profits), after paragraph (c) insert—
- “; and
- (d) that the provisions of the Corporation Tax Acts relating to profits, gains or losses arising from a creditor relationship (within the meaning of Chapter 2 of Part 4 of the Finance Act 1996) apply as if the offshore fund were an authorised unit trust;”.
- (2) Paragraph 3 of Schedule 10 to the Finance Act 1996 (c. 8) (assumptions to be made in relation to creditor relationships) shall cease to have effect.
- (3) In relation to a fund established on or before the day on which this Act is passed, this paragraph only has effect if an election that it should have effect has been made by or on behalf of the fund.
- (4) Any such election—
- (a) must be made by notice to an officer of the Board, in such form and within such time as the Board may determine, and
- (b) is irrevocable.
- (5) For the purpose of determining the United Kingdom equivalent profits of an offshore fund for the first account period of the fund in relation to which this paragraph has effect—
- (a) any profits, gains or losses arising from a creditor relationship that were taken into account in determining the United Kingdom equivalent profits of the fund for the preceding account period shall be disregarded, and
- (b) any profits, gains or losses arising from a creditor relationship that—
- (i) arose in, or in respect of, the preceding account period, but
- (ii) were not taken into account in determining the United Kingdom equivalent profits of the fund for that period,
- shall be taken into account.
- (6) In this paragraph—
- “creditor relationship” has the same meaning as in Chapter 2 of Part 4 of the Finance Act 1996; and
- “United Kingdom equivalent profits” has the meaning given in paragraph 5 of Schedule 27 to the Taxes Act 1988.

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