

SCHEDULES

SCHEDULE 4

ACCOUNTING PRACTICE AND RELATED MATTERS

PART 1

BAD DEBTS AND RELATED MATTERS

FA 1996

- 13 (1) Paragraph 6 of Schedule 9 to FA 1996 (impairment losses where parties have a connection) is amended as follows.
- (2) In sub-paragraph (2) for “sub-paragraphs (3) to (6) and paragraphs 6A and 6B” substitute “sub-paragraph (3) (and the provisions mentioned there) and sub-paragraph (6)”.
- (3) In sub-paragraph (3) for paragraphs (a) to (c) substitute—
- “(a) sub-paragraph (4) below, or
 - (b) paragraph 6A.”.
- (4) For sub-paragraphs (6) and (7) substitute—
- “(6) Where in any period a related transaction takes place in relation to the loan relationship—
 - (a) the debits brought into account for that period in respect of the relationship must not be more than they would have been if the transaction had not taken place, and
 - (b) the credits brought into account for that period in respect of the relationship must not be less than they would have been if the transaction had not taken place.
- (7) In determining for the purposes of sub-paragraph (6) the debits and credits that would have been brought into account if the related transaction had not taken place, no account shall be taken of any amounts that would have accrued at times after the transaction took place.”.
- (5) The amendments in this paragraph have effect in relation to any related transaction taking place on or after 2nd December 2004.