

SCHEDULES

SCHEDULE 4

ACCOUNTING PRACTICE AND RELATED MATTERS

PART 1

BAD DEBTS AND RELATED MATTERS

FA 1996

16 After paragraph 6C of Schedule 9 to FA 1996 insert—

“Restriction on bringing into account debits resulting from revaluation

- 6D (1) No debit shall be brought into account for the purposes of this Chapter as a result of the revaluation of an asset representing a creditor relationship of a company, except—
- (a) an impairment loss, or
 - (b) a debit resulting from a release by the company of any liability under the relationship.
- (2) No credit may be brought into account for the purposes of this Chapter in respect of the reversal of—
- (a) a debit disallowed by sub-paragraph (1),
 - (b) a debit that in a period of account beginning before 1st January 2005 was disallowed for tax purposes—
 - (i) because of the assumption required by paragraph 5(1) above, or
 - (ii) because the exceptions in section 74(1)(j) of the Taxes Act 1988 did not apply.
- (3) The reference in sub-paragraph (1) to revaluation of an asset includes any case where a provision or allowance is made by the company reducing the carrying value of the asset or of a group of assets including the asset in question.
- (4) This paragraph does not affect the debits to be brought into account in respect of exchange gains or losses.
- (5) This paragraph does not apply if fair value accounting is used.”