

Status: Point in time view as at 13/08/2009.

Changes to legislation: Finance Act 2007, Cross Heading: Ignoring sale and subsequent purchase for purposes of chargeable gains: debtor repos is up to date with all changes known to be in force on or before 15 July 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 13

SALE AND REPURCHASE OF SECURITIES

Ignoring sale and subsequent purchase for purposes of chargeable gains: debtor repos

- 6 (1) This paragraph applies if—
- (a) a company (“the borrower”) has a debtor repo, and
 - (b) the borrower (having sold the securities under the arrangement to the lender) is the only person with the right or obligation under the arrangement to buy those or similar securities at any subsequent time.
- (2) The sale of the securities, and the subsequent purchase of those or similar securities, by the borrower under the arrangement are to be ignored for the purposes of corporation tax in respect of chargeable gains (but see sub-paragraph (5)).
- (3) If at any time after the initial sale of the securities—
- (a) it becomes apparent that the borrower will not subsequently buy those or similar securities under the arrangement, or
 - (b) the accounting condition ceases to be met,
- the borrower is to be treated for the purposes of corporation tax in respect of chargeable gains as disposing of the securities at that time for a consideration equal to their market value at that time.
- (4) The accounting condition ceases to be met if, in accordance with generally accepted accounting practice, the accounts of the borrower for any period after the one in which the advance is received do not record a financial liability in respect of the advance (except as a result of the subsequent purchase of the securities or similar securities).
- (5) If sub-paragraph (3) applies because the accounting condition ceases to be met, any subsequent purchase of those or similar securities by the borrower under the arrangement is not to be ignored for the purposes of corporation tax in respect of chargeable gains as a result of this paragraph.
- (6) For the purposes of this paragraph references to the borrower include a partnership of which the borrower is a member.

Modifications etc. (not altering text)

- C1** Sch. 13 para. 6 applied (with modifications) (with effect in accordance with reg. 1(1) of the amending S.I.) by [Sale and Repurchase of Securities \(Modification of Schedule 13 to the Finance Act 2007\) Regulations 2007 \(S.I. 2007/2485\)](#), [regs. 1\(1\), 2\(2\), 4\(1\)](#)

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Commencement Information

- II** Sch. 13 para. 6 in force at 1.10.2007 with effect in relation to an arrangement that comes into force on or after 1.10.2007 by [S.I. 2007/2483](#), [art. 2](#)

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