Corporation Tax Act 2009

2009 CHAPTER 4

PART 5 U.K.

LOAN RELATIONSHIPS

CHAPTER 3 U.K.

THE CREDITS AND DEBITS TO BE BROUGHT INTO ACCOUNT: GENERAL

Pre-loan relationship, abortive and pre-trading expenses

329 Pre-loan relationship and abortive expenses U.K.

(1) This section applies if—

(a) a company may enter into a loan relationship or related transaction but has not yet done so,

(b) it incurs any expenses for purposes connected—

(i) with entering into it, or

(ii) with giving effect to any obligation which might arise under it, and

(c) had the company entered into the relationship or transaction, the expenses would be expenses within section 307(3)(c).

(2) The expenses are treated as expenses in relation to which debits may be brought into account in accordance with section 307(3) to the same extent as if the company had entered into the relationship or transaction.

330 Debits in respect of pre-trading expenditure U.K.

(1) This section applies if—

(a) a non-trading debit is given for an accounting period of a company for the purposes of this Part, and

purposes of this Part, and

(b) within the period of 2 years beginning with the end of the period the company makes an election for the purposes of this section in respect of the debit.

(2) The debit must not be brought into account for the purposes of this Part as a non-trading debit for that period.

(3) Instead, if conditions A and B are met in respect of a trade, the debit—

(a) is treated for the purposes of this Part as if it were a debit for the accounting period in which the company begins to carry on the trade, and

(b) is to be brought into account in accordance with section 297(3) (trading debits).

(4) Condition A is that the company begins to carry on the trade within the period of 7 years after the end of the accounting period for which a non-trading debit is given for the purposes of this Part.

(5) Condition B is that that debit is such that, if it were given for the accounting period in which the company begins to carry on the trade, it would be brought into account by reference to that trade in accordance with section 297(3).