



Corporation Tax Act 2009

2009 CHAPTER 4

PART 5

LOAN RELATIONSHIPS

CHAPTER 15

TAX AVOIDANCE

Transactions not at arm's length: exchange gains and losses

447 Exchange gains and losses on debtor relationships: loans disregarded under Schedule 28AA to ICTA

- (1) Subsections (2) and (3) apply if—
 - (a) a company has a debtor relationship in an accounting period,
 - (b) an exchange gain or loss arises in the period in respect of a liability representing the relationship, and
 - (c) as a result of paragraph 1 of Schedule 28AA to ICTA (provision not at arm's length) the profits and losses of the company are calculated for tax purposes for the period as if—
 - (i) the loan had not been made, or
 - (ii) part of the loan had not been made.
- (2) In a case where subsection (1)(c)(i) applies, the exchange gain or loss must be left out of account in determining the credits or debits to be brought into account for the purposes of this Part.
- (3) In a case where subsection (1)(c)(ii) applies, a proportion of the exchange gain or loss must be left out of account in determining those credits or debits.
- (4) That proportion is the proportion that the part of the loan that is treated as if it had not been made bears to the whole of the loan.

Status: This is the original version (as it was originally enacted).

- (5) Nothing in Schedule 28AA to ICTA requires the amounts brought into account under this Part in respect of exchange gains or losses from loan relationships to be calculated on the assumption that the arm's length provision had been made instead of the actual provision.
- (6) But subsection (5) does not affect the application of subsections (2) and (3) under subsection (1).
- (7) In this section "the arm's length provision" and "the actual provision" have the same meaning as in Schedule 28AA to ICTA (see paragraph 1 of that Schedule).