



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 16

#### FACTORING OF INCOME ETC

### CHAPTER 2

#### FINANCE ARRANGEMENTS

##### *Type 1 arrangements*

#### **762 Deemed loan relationship if borrower is partnership with corporate member**

- (1) This section applies if—
- (a) there is a type 1 finance arrangement,
  - (b) the borrower is a partnership, and
  - (c) either—
    - (i) the arrangement is prevented by section 759 from having the relevant effect in relation to a company that is a member of the partnership, or
    - (ii) section 760 applies to the partnership (in which event “the company” in subsections (2) and (3) means the company within the charge to corporation tax that is a member of the partnership).
- (2) For the purposes of Part 5 of CTA 2009 (loan relationships)—
- (a) the advance is treated in relation to the company as a money debt owed by the partnership, and
  - (b) the arrangement is treated in relation to the company as a loan relationship of the partnership (as a debtor relationship).
- (3) Any amount which in accordance with generally accepted accounting practice is recorded in the company's accounts, or the partnership's accounts, as a finance charge

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**Status:** Point in time view as at 17/07/2012.

**Changes to legislation:** Corporation Tax Act 2010, Section 762 is up to date with all changes known to be in force on or before 28 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)

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in respect of the advance is treated as interest payable under the loan relationship by the partnership.

- (4) If an amount is treated as interest (“deemed interest”) under subsection (3), to find out when it is paid—
- (a) treat the payments mentioned in section 758(2)(c) as consisting of amounts for repaying the advance and amounts (“the interest elements”) in respect of interest on the advance,
  - (b) treat the interest elements of the payments as paid when the payments are paid, and
  - (c) treat the deemed interest as paid at the times when the interest elements are treated as paid.

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