



Corporation Tax Act 2010

2010 CHAPTER 4

PART 16

FACTORING OF INCOME ETC

CHAPTER 2

FINANCE ARRANGEMENTS

Type 2 arrangements

766 Deemed loan relationship

- (1) This section applies if—
 - (a) there is a type 2 finance arrangement, and
 - (b) the transferor is a company within the charge to corporation tax.
- (2) In relation to the company—
 - (a) the advance is treated for the purposes of Chapter 9 of Part 5 of CTA 2009 (and the other provisions of that Part (loan relationships)) as a money debt owed by the partnership, and
 - (b) the arrangement is treated as a transaction for the lending of money from which the debt is treated as arising for those purposes.
- (3) Any amount which in accordance with generally accepted accounting practice is recorded in the partnership's accounts as a finance charge in respect of the advance is treated as interest payable by the company under the transaction.
- (4) The reference in subsection (3) to the partnership's accounts includes a reference to the transferor's accounts.
- (5) If an amount is treated as interest (“deemed interest”) under subsection (3), to find out when it is paid—

Status: Point in time view as at 06/04/2010.

Changes to legislation: Corporation Tax Act 2010, Section 766 is up to date with all changes known to be in force on or before 16 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)

- (a) treat the payments mentioned in section 763(2)(e) 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.

Status:

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