

SCHEDULES

SCHEDULE 4

AMOUNTS NOT FULLY RECOGNISED FOR ACCOUNTING PURPOSES

Derivative contracts

- 8 (1) Section 599A (amounts not fully recognised for accounting purposes) is amended as follows.
- (2) In subsection (2)—
- (a) at the end of paragraph (a) insert “and”, and
 - (b) for paragraphs (b) and (c) substitute—
 - “(b) as a result of tax avoidance arrangements to which the company is at any time a party, an amount is (in accordance with generally accepted accounting practice) not fully recognised for the period in respect of the contract.”
- (3) Omit subsections (3) to (5B).
- (4) In subsection (6)—
- (a) in the opening words, omit “, a contribution to it or securities issued by it”, and
 - (b) in paragraphs (a) and (b), omit “, contribution or securities”.
- (5) After subsection (6) insert—
- “(7) For the purposes of this section arrangements are “tax avoidance arrangements” if the main purpose, or one of the main purposes, of any party to the arrangements, in entering into them, is to obtain a tax advantage.
- (8) In subsection (7)—
- (a) “arrangements” includes any arrangements, scheme or understanding of any kind, whether or not legally enforceable, involving a single transaction or two or more transactions, and
 - (b) “tax advantage” has the meaning given by section 1139 of CTA 2010.
- (9) For the purposes of this section a company is to be treated as a party to a derivative contract even though it has disposed of its rights and liabilities under the contract to another person—
- (a) under a repo or stock lending arrangement, or
 - (b) under a transaction which is treated as not involving any disposal as a result of section 26 of TCGA 1992 (mortgages and charges not to be treated as disposals).”