
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2019, Paragraph 13. (See end of Document for details)

SCHEDULES

SCHEDULE 20 **U.K.**

TAXATION OF HYBRID CAPITAL INSTRUMENTS

PART 2 **U.K.**

CORPORATION TAX, INCOME TAX AND CAPITAL GAINS TAX

Commencement for purposes of corporation tax

- 13 (1) If there is a difference between—
- (a) the tax-adjusted carrying value of a transitional qualifying instrument which is an asset or liability at the end of an accounting period ending on 31 December 2023, and
 - (b) the tax-adjusted carrying value of that instrument at the beginning of the 2024 period,
- a credit or debit (as the case may be) of an amount equal to the difference must be brought into account for the purposes of Part 5 of CTA 2009 for the 2024 period in the same way as a credit or debit which is brought into account in determining the company's profit or loss for that period in accordance with generally accepted accounting practice.
- (2) For the purposes of this paragraph “tax-adjusted carrying value” is to be construed in accordance with—
- (a) section 465B of CTA 2009 (tax-adjusted carrying value in relation to the asset or liability representing a loan relationship), and
 - (b) section 702 of CTA 2009 (tax-adjusted carrying value in relation to a contract).
- (3) Where in the 2024 period, in accordance with generally accepted accounting practice, the rights and liabilities under the transitional qualifying instrument have been treated as divided between—
- (a) a loan relationship, and
 - (b) one or more derivative financial instruments or equity instruments,
- the reference in this paragraph to the tax-adjusted carrying value of the transitional qualifying instrument means the sum of the tax-adjusted carrying values for each of those component instruments.
- (4) In sub-paragraph (3) “equity instrument” has the meaning it has for accounting purposes.

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