
STATUTORY INSTRUMENTS

2005 No. 2082

The Finance Act 2002, Schedule 26, Parts
2 and 9 (Amendment No. 2) Order 2005

Amendment of Part 9 of Schedule 26 to the Finance Act 2002

13.—(1) Amend paragraph 45D(1) as follows.

(2) In sub-paragraph (2)—

(a) omit paragraph (b); and

(b) after paragraph (e) insert—

“(f) the asset representing the creditor relationship is not an existing asset”.

(3) After sub-paragraph (3) insert—

“(3A) Where in any accounting period—

(a) a company is party to a creditor relationship for the purposes of its life assurance business, and

(b) that creditor relationship is one in relation to which section 94A of the Finance Act 1996 would have effect but for the fact that the company accounts for the creditor relationship at fair value through profit and loss,

this paragraph shall have effect for that accounting period as it would if the creditor relationship were one in relation to which that section has effect.”.

(4) In sub-paragraph (4) insert the following definition at the appropriate place—

““existing asset” means an asset in relation to which paragraph 9(2) of Schedule 10 to the Finance Act 2004 has effect;”.

(5) For sub-paragraph (8) substitute—

“(8) The creditor relationship shall not be treated as a qualifying corporate bond by virtue of section 117(A1) of the Taxation of Chargeable Gains Act 1992.”.

(6) After sub-paragraph (8) insert—

“(9) See also paragraph 45H (treatment of gains and losses on terminal exercise of option).”.