
STATUTORY INSTRUMENTS

2005 No. 2082

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

Amendment of Part 2 of Schedule 26 to the Finance Act 2002

6. After paragraph 4A insert—

“4B.—(1) This paragraph applies to a company if the conditions in sub-paragraph (2) are satisfied in relation to a relevant contract.

(2) The conditions are—

- (a) the company is a party to the relevant contract both immediately before and on 28th July 2005,
- (b) the relevant contract—
 - (i) was not a derivative contract immediately before that date, but
 - (ii) would (apart from this paragraph) be a derivative contract on that date, if an accounting period of the company began on that date, and
- (c) the relevant contract was a chargeable asset immediately before that date.

(3) The company shall, when it ceases to be a party to the relevant contract, bring into account, for the accounting period in which it ceased to be a party to the contract, the amount of any chargeable gain or allowable loss which would have been treated as accruing to the company on the assumption—

- (a) that it had made a disposal of the relevant contract immediately before 28th July 2005, and
- (b) that the disposal had been for a consideration equal to the fair value of the relevant contract on that date.

(4) The relevant contract shall be treated for the purposes of this Schedule as a derivative contract entered into by the company on 28th July 2005 for a consideration equal to the fair value of the contract on that date.

(5) Sub-paragraph (4) of paragraph 4A (meaning of chargeable asset) also applies for the purposes of this paragraph.

4C.—(1) This paragraph applies to a company if the conditions in sub-paragraph (2) are satisfied in relation to a relevant contract to which it becomes a party on or after 28th July 2005.

(2) The conditions are that (apart from this paragraph) the relevant contract—

- (a) is not a derivative contract on the date on which the company becomes a party to it, but
- (b) would be a derivative contract on that date, if an accounting period of the company began on that date, and
- (c) is a chargeable asset when the company becomes a party to it.

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(3) The relevant contract shall be treated for the purposes of this Schedule as a derivative contract on and after that date.

(4) Sub-paragraph (4) of paragraph 4A (meaning of chargeable asset) also applies for the purposes of this paragraph.”.