
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Loan Relationships and Derivative Contracts (Change of Accounting Practice) Regulations 2004 (“the principal Regulations”) which make provision for certain debits and credits not to be brought into account in the first accounting period of a company beginning on or after 1st January 2005, and for those debits and credits instead to be brought into account over a ten year period (beginning with the first period of account on or after 1st January 2006), or not to be brought into account for any period.

Regulation 1 provides for citation, commencement and effect. Authority for the limited retrospective effect of these Regulations is given by sections 319(5) and 598(6) of the Corporation Tax Act 2009.

Regulation 2 introduces the amendments.

Regulation 3 amends regulation 3C (prescribed debits and credits not brought into account) to extend the classes of specified debits and credits which are not to be brought into account in determining a company’s profit or loss for any period to cases where a loan relationship is modified where debtor company is in financial difficulties.

Regulation 4 inserts definitions and updates the statutory references in the Regulations.

A Tax Information and Impact Note covering this instrument was published on 7th August 2014 alongside draft legislation and is available on the GOV.UK website at www.gov.uk/government/collections/tax-information-and-impact-notes-tiins.