

## 1 Loan relationships: repeal of certain provisions relating to late interest etc

- (1) Part 5 of CTA 2009 (loan relationships) is amended as follows.
- (2) Omit the following provisions—
  - (a) section 374 (connection between debtor and person standing in position of creditor),
  - (b) section 377 (party to loan relationship having major interest in other party),
  - (c) section 407 (postponement until redemption of debits for connected companies' deeply discounted securities), and
  - (d) section 408 (companies connected for section 407).
- (3) In section 372 (introduction to Chapter 8), in subsection (3)—
  - (a) omit paragraph (a),
  - (b) at the end of paragraph (b), insert “and”, and
  - (c) omit paragraph (c) (including the “and” at the end).
- (4) In section 373 (late interest treated as not accruing until paid in some cases), in subsection (1)(b), for “374, 375, 377” substitute “375”.
- (5) In section 406 (introduction to provisions dealing with deeply discounted securities)—
  - (a) omit subsection (1)(a), and
  - (b) in subsections (2), (3) and (4), for “407” substitute “409”.
- (6) Subsections (2)(a) and (b), (3) and (4) have effect—
  - (a) in relation to debtor relationships entered into by a company on or after 3 December 2014, and
  - (b) in relation to debtor relationships entered into by a company before 3 December 2014, where the actual accrual period (within the meaning of Chapter 8 of Part 5 of CTA 2009) begins on or after 1 January 2016.
- (7) Subsections (2)(c) and (d) and (5) have effect—
  - (a) in relation to debtor relationships entered into by a company on or after 3 December 2014, and
  - (b) in relation to debtor relationships entered into by a company before 3 December 2014, where the relevant period (within the meaning of section 407 of CTA 2009) begins on or after 1 January 2016.
- (8) Subsections (6)(b) and (7)(b) are subject to subsections (9) to (14)
- (9) In the case of a company which has an accounting period beginning before 1 January 2016 and ending on or after that date (“the straddling period”), so much of the straddling period as falls before that date, and so much of that period as falls on or after that date, are treated for the purposes of subsections (6)(b) and (7)(b) as separate accounting periods.
- (10) If a debtor relationship entered into by a company before 3 December 2014 is modified on or after 3 December 2014 and before 1 January 2016, subsections (2)(a) and (b), (3) and (4) have effect in relation to that debtor relationship where the actual accrual period (within the meaning of Chapter 8 of Part 5 of CTA 2009) begins on or after the date on which the modification takes effect.
- (11) For the purposes of subsection (10) a debtor relationship of a company is modified if—

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- (a) there is a material change in the terms of the relationship, or
  - (b) there is a change in the person standing in the position of creditor.
- (12) If the terms of a deeply discounted security issued by a company before 3 December 2014 are modified on or after 3 December 2014 and before 1 January 2016, subsections (2)(c) and (d) and (5) have effect in relation to the debtor relationship represented by that security where the relevant period (within the meaning of section 407 of CTA 2009) begins on or after the day on which the modification takes effect.
- (13) For the purposes of subsection (12) the terms of a deeply discounted security are modified if –
- (a) there is a material change in the terms of the security, or
  - (b) there is a change in the person standing in the position of creditor.
- (14) Where subsection (10) or (12) applies, an accounting period is to be taken for the purposes of that subsection to end immediately before the day on which the modification takes effect, and a new accounting period is to be taken for those purposes to begin with that day.