

2015 No.

CORPORATION TAX

The Loan Relationships and Derivative Contracts (Change of Accounting Practice) (Amendment) Regulations 2015

Made - - - - - ***
Laid before the House of Commons ***
Coming into force - - - - - ***

The Treasury make the following Regulations in exercise of the powers conferred by sections 319 and 598 of the Corporation Tax Act 2009(a).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Loan Relationships and Derivative Contracts (Change of Accounting Practice) (Amendment) Regulations 2015 and come into force on *** 2015.

(2) These Regulations have effect in relation to periods of account beginning on or after 1 January 2015.

Amendments to the Loan Relationships and Derivative Contracts (Change of Accounting Practice) Regulations 2004

2.—(1) Regulation 4 of the Loan Relationships and Derivative Contracts (Change of Accounting Practice) Regulations 2004(b) is amended as follows.

(2) In paragraph (2), at the beginning insert “Subject to paragraph (2A).”.

(3) After paragraph (2) insert—

“(2A) But paragraph (2) does not apply to credits and debits in respect of impairment losses arising on the application of the recognition and measurement provisions of International Financial Reporting Standard 9 issued by the International Accounting Standards Board on 24 July 2014.”

Date _____ *Name*
Two of the Lords Commissioners of Her Majesty’s Treasury
Name

(a) 2009 c. 4.
(b) S.I. 2004/3271, relevantly amended by S.I. 2005/3383, 2006/3238 and 2007/950.

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 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 1 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 1 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 amends regulation 4 which prescribes debits and credits which are required to be spread over a ten year period. This requirement does not apply to debits and credits in respect of loan relationships or embedded derivatives where the loan falls to be repaid in the same accounting period as the credit or debit arises. These Regulations insert a new paragraph (2A) to disapply this exception in relation to credits and debits in respect of impairment losses arising on the adoption of International Financial Reporting Standard 9 issued by the International Accounting Standards Board on 24 July 2014.

A Tax Information and Impact Note covering this instrument will be published on the HMRC website at <http://www.hmrc.gov.uk/thelibrary/tiins.htm>.