

## 1 Avoidance schemes involving certain non-derecognition liabilities

- (1) In Part 20 of CTA 2009 (general calculation rules), in Chapter 1 (restriction of deductions), after section 1305A insert—

### **“1305B Avoidance schemes involving certain non-derecognition liabilities**

- (1) This section applies if—
- (a) assets (“the underlying assets”) are transferred to a relevant entity,
  - (b) for accounting purposes following the transfer—
    - (i) the underlying assets continue to be recognised to any extent by a member of the transferor group, and
    - (ii) a liability is also recognised by a member of the transferor group in connection with the underlying assets or otherwise in connection with the transfer,
  - (c) in calculating a company’s profits for corporation tax purposes a deduction would (ignoring this section) be allowed for a loss, expense or debit in connection with the liability mentioned in paragraph (b)(ii), and
  - (d) the loss, expense or debit arises, to any extent, as a result of arrangements (whether or not they are or include the transfer mentioned in paragraph (a)) where the main purpose, or one of the main purposes, of any party to the arrangements in being a party to them is to secure a tax advantage for any person.
- (2) The deduction mentioned in subsection (1)(c) is not allowed so far as it is attributable on a just and reasonable apportionment to the purpose mentioned in subsection (1)(d).
- (3) For the purposes of the condition in subsection (1)(b) it does not matter whether the assets recognised as mentioned in subsection (1)(b)(i) and the liability recognised as mentioned in subsection (1)(b)(ii) —
- (a) are recognised immediately after the transfer or only later;
  - (b) are first recognised at the same time or at different times;
  - (c) are recognised by the same member of the transferor group as they were before the transfer.
- (4) For the purposes of subsection (1) the circumstances in which assets are “transferred” to a relevant entity include circumstances in which—
- (a) a right to income deriving from the assets is transferred to the relevant entity;
  - (b) a contract is entered into to pay the relevant entity income deriving from the assets;
  - (c) the assets, or income deriving from them, come to be held in trust for the benefit of the relevant entity.
- (5) In this section—

“arrangements” includes any scheme, arrangement or understanding of any kind, whether or not legally enforceable, involving a single transaction or two or more transactions;

“member of the transferor group” means any of the following—

- (a) the person who transferred the underlying assets as mentioned in subsection (1)(a);
- (b) a company that is connected with the person mentioned in paragraph (a) and is not the relevant entity mentioned in subsection (1)(a);
- (c) a transparent entity in which the person mentioned in paragraph (a) or a company falling within paragraph (b) has an interest;

“relevant entity” means—

- (a) a securitisation company within the meaning of Chapter 4 of Part 13 of CTA 2010, or
- (b) any person that is a party to the same capital market arrangement (within the meaning of paragraph 1 of Schedule 2A to the Insolvency Act 1986) as such a company;

“transparent entity” means anything that—

- (a) may be treated as an entity for accounting purposes, and
- (b) is not chargeable to corporation tax or income tax as a person (ignoring any exemptions).

- (6) The following apply for the purposes of this section—
  - section 1122 of CTA 2010 (“connected” persons)
  - section 1139 of CTA 2010 (“tax advantage”).

- (2) The amendment made by this section has effect in relation to accounting periods beginning on or after 26 November 2025; and for that purpose an accounting period beginning before and ending on or after that date is treated as if so much of the period as falls before that date, and so much of the period as falls on or after that date, were separate accounting periods.