
STATUTORY INSTRUMENTS

2013 No. 2781

CORPORATION TAX

**The Loan Relationships and Derivative Contracts
(Disregard and Bringing into Account of Profits
and Losses) (Amendment) Regulations 2013**

| | | |
|---|---------|---------------------------|
| <i>Made</i> | - - - - | <i>29th October 2013</i> |
| <i>Laid before the House of Commons</i> | - - - - | <i>30th October 2013</i> |
| <i>Coming into force</i> | - - | <i>21st November 2013</i> |

The Treasury make the following Regulations in exercise of the powers conferred by sections 328(4) and 606(4) of the Corporation Tax Act 2009(1).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) (Amendment) Regulations 2013 and come into force on 21st November 2013.

(2) These Regulations have effect in relation to loan relationships and derivative contracts entered into on or after that date.

Amendments to the Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) Regulations 2004

2.—(1) The Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) Regulations 2004(2) are amended as follows.

(2) In regulation 2(1), at the appropriate places insert—

““Additional Tier 1 instrument” means an instrument which qualifies as an Additional Tier 1 instrument under Article 52 of the Commission Regulation (EU) No 575/2013(3);”

““deferred shares” has the same meaning as in the Building Societies Act 1986(4);”.

(3) In regulations 3(5) and 4(4A), for “of any share capital of the company” substitute—

(1) 2009 c. 4.
(2) S.I. 2004/3256, relevantly amended by S.I. 2005/2012 and 2005/3374.
(3) OJ L 176/1, 27.6.13.
(4) 1986 c. 53, see section 119 for the definition of “deferred shares”.

“of—

- (a) any share capital of the company,
- (b) in relation to a building society, any deferred shares issued by the building society to the extent that they are accounted for as equity instruments in accordance with generally accepted accounting practice, or
- (c) any Additional Tier 1 instrument issued by the company to the extent that it is accounted for as an equity instrument in accordance with generally accepted accounting practice.”.

29th October 2013

Anne Milton
Stephen Crabb
Two of the Lords Commissioners of Her
Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) Regulations 2004 which allow certain profits and losses from loan relationships and derivative contracts to be left out of account, to be brought into account in a different way or to be brought into account at a later date.

Regulation 1 provides for citation, commencement and effect.

Regulation 2 inserts definitions of “Additional Tier 1 instrument” and “deferred shares”.

Regulation 3 amends regulation 3(5) (exchange gains or losses arising from liabilities or assets hedging shares) and regulation 4(4A) (exchange gains or losses arising from derivative contracts hedging shares etc) to extend the matching provisions to deferred shares issued by building societies and Additional Tier 1 instrument to the extent that they are accounted for as equity instruments in accordance with generally accepted accounting practice.

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>.