

2016 No.

CORPORATION TAX

The Loan Relationships and Derivative Contracts (Change of Accounting Practice) Regulations 2016

<i>Made</i>	- - - -	***
<i>Laid before the House of Commons</i>		***
<i>Coming into force</i>	- -	***

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) Regulations 2016 and come into force on ****.

(2) These Regulations have effect in relation to periods of account beginning on or after 1st January 2016.

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

2. The Loan Relationships and Derivative Contracts (Change of Accounting Practice) Regulations 2004(b) are amended as follows.

3. In regulation 3C (prescribed debits and credits not brought into account)(c)—

(a) in paragraph (2)—

(i) at the end of sub-paragraph (f), omit “and”,

(ii) after sub-paragraph (g), insert—

“(h) debits and credits relating to the matters mentioned in section 306A(1) of CTA 2009 in respect of a loan relationship of a company which—

(i) have in accordance with generally accepted accounting practice been recognised in the company’s accounts as an item of other comprehensive income, and

(ii) have not subsequently been transferred to become items of profit or loss in an accounting period beginning before 1 January 2016, and

(a) 2009 c. 4.

(b) S.I. 2004/3271; relevant amending instruments are [S.I. 2005/3383, 2006/3238, 2007/950, 2007/3432, 2008/3237 and 2014/3187].

(c) Regulation 3C was inserted by S.I. 2005/3383 and relevantly amended by S.I. 2014/3187.

- (i) debits and credits relating to the matters mentioned in section 594A(1) of CTA 2009 in respect of a derivative contract of a company which—
 - (i) have in accordance with generally accepted accounting practice been recognised in the company’s accounts as an item of other comprehensive income, and
 - (ii) have not subsequently been transferred to become items of profit or loss in an accounting period beginning before 1 January 2016.”,
- (b) after paragraph (3C), insert—
 - “(3D) For the purposes of sub-paragraph (h) and (i) of paragraph (2)—
 - (a) in determining what debits and credits fall within those sub-paragraphs, it is to be assumed that the accounting policy applied in drawing up the company’s accounts for the last accounting period of the company beginning before 1 January 2016 (“the pre-commencement period”) was also applied in previous accounting periods,
 - (b) but if the company’s accounts for the pre-commencement period are in accordance with generally accepted accounting practice drawn up on an assumption as to the accounting policy in previous accounting periods which differs from that mentioned in sub-paragraph (a), that different assumption applies in determining what debits and credits fall within those sub-paragraphs.”.

	<i>Name</i>
	<i>Name</i>
Date	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 (Change of Accounting Practice) Regulations 2004 which make provision in relation to bringing into account of certain debits and credits arising on a change of accounting policy in drawing up a company’s accounts.

Regulation 1 provides for citation, commencement and effect. Authority for the limited retrospective effect is provided by section 319(5) of the Corporation Tax Act 2009.

Regulation 2 introduces the amendments.

Regulation 3 amends regulation 3C to insert a new provision to provide for ...

[A Tax Information and Impact Note for the modernisation of the taxation of corporate debt and derivative contracts which covers this instrument was published at Summer Budget 2015 on 8 July 2015 and is available on the HMRC website at: www.gov.uk/government/collections/tax-information-and-impact-notes-tiins. It remains an accurate summary of the impacts that apply to this instrument.]