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## SCHEDULES

### SCHEDULE 7

#### LOAN RELATIONSHIPS AND DERIVATIVE CONTRACTS

##### *Non-market loans*

2 In Chapter 15 of Part 5 (loan relationships: tax avoidance), after section 446 insert—

##### *“Non-market loans*

#### **446A Non-market loans**

- (1) This section applies as respects any accounting period if—
  - (a) a company has a debtor relationship in the period,
  - (b) the amount recognised in the company's accounts in respect of the debt at the time the company became party to the debtor relationship was less than the transaction price,
  - (c) credits in respect of the whole or part of the discount were not brought into account for the purposes of this Part, and
  - (d) in a case where the creditor is a company, the non-qualifying territory condition is met.
- (2) The debits which are to be brought into account for the accounting period for the purposes of this Part by the debtor company in respect of the loan relationship are not to include debits relating to the relevant discount amount, to the extent that that amount is referable to the accounting period.
- (3) In this section “relevant discount amount” means—
  - (a) in a case where credits in respect of the whole of the discount were not brought into account for the purposes of this Part, an amount equal to the whole discount, and
  - (b) in a case where credits in respect of part of the discount were not brought into account for the purposes of this Part, an amount equal to that part of the discount.
- (4) The non-qualifying territory condition referred to in subsection (1)(d) is that the creditor company is—
  - (a) resident for tax purposes in a non-qualifying territory at any time in the accounting period, or
  - (b) effectively managed in a non-taxing non-qualifying territory at any such time.
- (5) In this section—

“discount” means the difference between the two amounts referred to in subsection (1)(b);

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“non-qualifying territory” has the meaning given in section 173 of TIOPA 2010;

“non-taxing non-qualifying territory” means a non-qualifying territory under whose law companies are not liable to tax by reason of domicile, residence or place of management;

“resident for tax purposes” means liable, under the law of the non-qualifying territory, to tax there by reason of domicile, residence or place of management.”

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)