

Bill 5: Loan relationships

Summary

1. This paper presents draft clauses which bring into account for the purposes of corporation tax gains and losses arising to a company from its loan relationships.
2. Although most of the loan relationships provisions are found in FA 1996, there are many other provisions elsewhere which bring into the loan relationships regime profits which would not otherwise be within it. Unless there are good reasons not to do so, it is our intention to bring together all the provisions.
3. The draft clauses appear in three Parts. The first covers the basic rules for loan relationships while the second includes other arrangements, shares and investments which are dealt with as loan relationships. The final Part covers exemptions.
4. The paper consists of:
 - draft clauses, all with origins; and
 - draft explanatory notes and draft entries for Annex 1 to the Bill which outline proposed Changes.

Questions for the committee

5. To enable us to consider relevant issues before publication of the draft Bill, we would be grateful for your comments on these draft clauses.
6. In particular, we would welcome comments on proposals outlined in the draft Change Notes which are intended for inclusion in Annex 1 to the Bill.

Closing date for comments

7. We would welcome any comments by 3 August 2007. If possible, they should be sent by e-mail to:

jackie.bartlett@hmrc.gsi.gov.uk

Written comments should be sent to:

Jackie Bartlett
Room 826, South West Wing
Bush House
London
WC2B 4RD

8. The names of respondents may be published unless they ask for their comments to be treated in confidence.