

Bill 5: Loan relationships, derivative contracts and intangible fixed assets: provisions affected by the European Mergers Directive

Introduction

1. Draft Bill 5, when published for consultation in February 2008, did not contain clauses for provisions that were amended or supplemented by the Corporation Tax (Implementation of the Mergers Directive) Regulations 2007 (SI 2007/3186). Subsequently, the Corporation Tax (Implementation of the Mergers Directive) Regulations 2008 (SI 2008/1579) were laid before the House of Commons on 17 June 2008 and they further amend the provisions. The draft clauses presented in this paper rewrite the source legislation which is amended or supplemented by both sets of regulations.

2. The relevant provisions will be contained within the loan relationships, derivative contracts and intangible fixed assets Parts of Bill 5. They have the following common themes:

- European cross-border transfers of business;
- European cross-border mergers; and
- where relevant, other related matters.

3. The relevant draft clauses and explanatory notes are attached to this paper in the following Appendices:

- Appendix A. Loan relationships [clauses](#) and [explanatory notes](#);
- Appendix B. Derivative contracts [clauses](#) and [explanatory notes](#); and
- Appendix C. Intangible fixed assets [clauses](#) and [explanatory notes](#).

4. Chapter 1 of the draft clauses contained within Appendix A includes some clauses which have already been exposed for consultation in the draft Bill published in February 2008. They are included here to provide context for draft clauses 5, 8 and 9 which are all new. Similarly in Chapter 2 of the draft clauses contained in Appendix C, clauses 9, 10, 11, 13 and 14 provide context for the remainder which are new or amended. All other draft clauses presented in this paper were not included, or were not included in their current form, in the draft Bill.

Questions for the committee

5. We would be grateful for any comments you may have on these draft clauses.

Closing date for comments

6. We would welcome any comments by 19 September 2008. If possible, they should be sent to:

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Written comments should be sent to:

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7. Please note that the names of respondents may be published unless they ask for their comments to be treated in confidence.