HMRC - CTM61700 - Loans To Participators: By Controlled Companies

CTA10/S460

Section 460 brings certain loans not otherwise chargeable within CTA10/S455 and ITTOIA05/S415.

The loans affected are loans made under arrangements in which:

a loan is made by a third party to a close company participator or associate of a participator

and

the close company effectively finances the making of the loan.

Such arrangements normally involve the close company having or acquiring control of the lender. As such, the application of CTA10/S460 is limited to loans made to participators in a close company (or their associates) by a company that is, or comes to be, under the control of the close company.

You should construe CTA10/S460 as one with CTA10/S455. Any reference in Section 460 to a ‘loan’ includes an advance. Similarly, any reference to a company making a loan includes cases in which a company is, or if it were a close company would be, regarded as making a loan by virtue of CTA10/S455 (4).

The powers of information in FA08/SCH36 (CTM61505) apply to CTA10/S460 just as they do to CTA10/S455.

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