

Withdrawal of Libor 31 December 2021 Corporate Tax Implications

From 31 December 2021 LIBOR (the London inter-bank offered rate) is being replaced by SONIA (sterling overnight index average). LIBOR takes into account credit risk as it is a forward looking rate, whereas SONIA is references to actual transactions and risk free.

All loan agreements referenced to LIBOR should now be reviewed to consider whether the transition to SONIA is appropriate.

From a corporate tax perspective, we recommend reviewing whether:

- Withholding tax treaty agreements and double taxation treaty passports should be updated.
- Transfer pricing documentation covering inter-company interest charges should be updated.

To find out more, please contact Fiona Cross, Tax Partner, Beavis Morgan LLP:

T. 020 7417 0417

E. fiona.cross@beavismorgan.com

beavismorgan.com