

# “Tricks” of loan capitalisation. Things to consider from a corporate tax and transfer pricing perspective 3/9/25

In everyday life, companies have to use an option such as borrowing money for various specific purposes. A significant increase in debt can present the company with challenges that impact balance sheet performance and potential tax risks.

One solution to the problem of increasing debt can be to capitalise the loan – a process whereby the creditor invests its debt rights as a financial asset in the borrower's equity.

This article describes the nature of the loan transaction and its capitalisation with practical examples of possible situations dealing with both corporate income tax (CIT) and transfer pricing (TP) aspects.

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