



Finance Act 1994

1994 CHAPTER 9

PART IV

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER II

INTEREST RATE AND CURRENCY CONTRACTS

Special cases

161 Termination etc. of qualifying contracts

- (1) This section applies where at any time (the relevant time) in an accounting period of a qualifying company—
 - (a) a qualifying contract held by the company is terminated,
 - (b) such a contract is disposed of by the company, or
 - (c) a contract held by the company is so varied as to cease to be such a contract.
- (2) If, as regards the contract and the period, amounts A and B fall to be determined under section 155(5) above—
 - (a) there shall be deducted from amount A or, as the case may require, added to amount B so much of any qualifying payment as has not become due and payable to the company before the relevant time but has been included in amount A for the period or any previous accounting period, and
 - (b) there shall be deducted from amount B or, as the case may require, added to amount A so much of any qualifying payment as has not become due and payable by the company before the relevant time but has been included in amount B for the period or any previous accounting period.

Status: This is the original version (as it was originally enacted).

162 Exchange gains and losses on currency contracts

Where, as regards a currency contract held by a qualifying company and an accounting period, amounts A and B fall to be determined under section 155(4) above—

- (a) the amount of any exchange gain which as regards the contract accrues to the company for the period shall be deducted from amount A or, as the case may require, added to amount B; and
- (b) the amount of any exchange loss which as regards the contract accrues to the company for the period shall be deducted from amount B or, as the case may require, added to amount A.

163 Irrecoverable payments

- (1) Subsections (2) and (3) below apply in any case where—
 - (a) a qualifying company is entitled to a right to receive a qualifying payment, and
 - (b) the inspector is satisfied, on a claim made within two years after the end of an accounting period of the company, that the whole or any part of the payment outstanding immediately before the end of that period could at that time reasonably have been regarded as having become irrecoverable in that period.
- (2) If, as regards the contract and the period, amounts A and B fall to be determined under section 155(4) above, an amount equal to so much of the payment as—
 - (a) is considered to have become irrecoverable in the period, and
 - (b) became due and payable in the period or any previous accounting period,shall be deducted from amount A, or as the case may require, added to amount B.
- (3) If, as regards the contract and the period, amounts A and B fall to be determined under section 155(5) above, an amount equal to so much of the payment as—
 - (a) is considered to have become irrecoverable in the period, and
 - (b) was allocated to the period or any previous accounting period,shall be deducted from amount A, or as the case may require, added to amount B.
- (4) In any case where—
 - (a) as regards a qualifying contract and an accounting period of a qualifying company, an amount has been deducted or added as mentioned in subsection (2) or (3) above, and
 - (b) the whole or any part of so much of the qualifying payment as was considered irrecoverable is recovered in a later accounting period of the company,an amount equal to so much of the payment as is so recovered shall, as regards the qualifying contract and the later accounting period, be deducted from amount B, or as the case may require, added to amount A.

164 Released payments

- (1) Subsections (2) and (3) below apply in any case where—
 - (a) a qualifying company is subject to a duty to make a qualifying payment, and
 - (b) at any time in an accounting period of the company, the whole or any part of the payment then outstanding is released by the person to whom the duty is owed.

Status: This is the original version (as it was originally enacted).

- (2) If, as regards the contract and the period, amounts A and B fall to be determined under section 155(4) above, an amount equal to so much of the payment as—
 - (a) is released in the period, and
 - (b) became due and payable in the period or any previous accounting period,shall be deducted from amount B, or as the case may require, added to amount A.
- (3) If, as regards the contract and the period, amounts A and B fall to be determined under section 155(5) above, an amount equal to so much of the payment as—
 - (a) is released in the period, and
 - (b) was allocated to the period or any previous accounting period,shall be deducted from amount B, or as the case may require, added to amount A.