Finance Act 1993

1993 CHAPTER 34

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Corporation tax: currency

93 Currency other than sterling for trades

(1) Regulations may provide that where a company carries on a trade the basic profits or losses of the trade for an accounting period shall for the purposes of corporation tax be computed and expressed in such currency (other than sterling) as is found in accordance with prescribed rules, in a case where—

(a) prescribed conditions are fulfilled, and

(b) an election is made by the company in accordance with the regulations and has effect for the accounting period concerned by virtue of the regulations.

(2) For the purposes of this section the basic profits or losses of a trade for an accounting period are all the profits or losses of the trade for the period, but leaving out of account—

(a) any trading receipt of the trade in the period, and any trading expense of the trade in the period, that arises by virtue of section 144(2) of the Capital Allowances Act 1990 (which makes provision about giving effect to allowances and charges);

(b) any amount mentioned in section 142(4) below and treated as received in respect of the trade and in respect of the period.

(3) Subsections (4) and (5) below apply where the basic profits or losses of a trade for an accounting period are for the purposes of corporation tax to be computed and expressed in a currency other than sterling.

(4) The amount of the basic profits or losses shall be treated for the purposes of corporation tax as the sterling equivalent of their amount expressed in the other currency.

(5) The profits or losses of the trade for the period shall for the purposes of corporation tax be found by taking the amount of the basic profits or losses found in sterling under subsection (4) above and then—

(a) taking account of any trading receipt of the trade in the period, and any trading expense of the trade in the period, that arises by virtue of section 144(2) of the Capital Allowances Act 1990, and

(b) taking account (as provided by section 142 below) of any amount mentioned in section 142(4) and treated as received in respect of the trade and in respect of the period.

(6) For the purposes of subsection (4) above the sterling equivalent of an amount is the sterling equivalent calculated by reference to—

(a) such rate of exchange as is found under prescribed rules, or

(b) if no such rules apply in the case concerned, the London closing exchange rate for the last day of the accounting period concerned.