

SCHEDULES

SCHEDULE 23

EXCHANGE GAINS AND LOSSES FROM LOAN RELATIONSHIPS ETC

PART 1

AMENDMENTS OF THE FINANCE ACT 1996

Interpretation

- 7 (1) Section 103 is amended as follows.
- (2) In subsection (1) (definitions) insert each of the following definitions at the appropriate place—
- ““exchange gain” and “exchange loss” shall be construed in accordance with subsections (1A) and (1B) below;”;
- ““related transaction” shall be construed in accordance with section 84 above (see subsections (5) and (6) of that section);”.
- (3) After subsection (1) insert—
- “(1A) References in this Chapter to exchange gains or exchange losses, in the case of any company, are references respectively to—
- (a) profits or gains, or
- (b) losses,
- which arise as a result of comparing at different times the expression in one currency of the whole or some part of the valuation put by the company in another currency on an asset or liability of the company.
- If the result of such a comparison is that neither an exchange gain nor an exchange loss arises, then for the purposes of this Chapter an exchange gain of nil shall be taken to arise in the case of that comparison.
- (1B) Any reference in this Chapter to an exchange gain or loss from a loan relationship of a company is a reference to an exchange gain or loss arising to a company in relation to an asset or liability representing a loan relationship of the company.”.