



Corporation Tax Act 2010

2010 CHAPTER 4

PART 2

CALCULATION OF LIABILITY IN RESPECT OF PROFITS

CHAPTER 4

CURRENCY

Translating amounts into other currencies

13 Sterling equivalents: carried-forward amounts

- (1) This section applies if, for the purpose of calculating a carried-forward amount in respect of a company, a loss (“the loss”) is required by section 7(2), 8(2) or 9(2) to be translated into its sterling equivalent.
- (2) The translation must be made in accordance with whichever of rules 1, 2 and 3 is applicable (see the table below).

Rule 1 applies if the earlier tax calculation currency is the same as the later tax calculation currency.

Rule 1 is that the loss must be translated into its sterling equivalent by reference to the same rate of exchange as that at which the profit against which the carried-forward amount is to be set off is required to be translated under section 11.

Rule 2 applies if—

- (a) the earlier tax calculation currency is not the same as the later tax calculation currency, and
- (b) the later tax calculation currency is sterling.

Rule 2 is that the loss must be translated into its sterling equivalent by reference to the spot rate of exchange for the first day of the relevant accounting period.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 13. (See end of Document for details)

Rule 3 applies if—

- (a) the earlier tax calculation currency is not the same as the later tax calculation currency, and
- (b) the later tax calculation currency is a currency other than sterling.

Rule 3 is that the loss must be translated into its sterling equivalent by—

- (a) being translated into the later tax calculation currency by reference to the spot rate of exchange for the first day of the relevant accounting period, and
- (b) then being translated into sterling by reference to the same rate of exchange as that at which the profit against which the carried-forward amount is to be set off is required to be translated under section 11.

(3) In the table in subsection (2)—

“the earlier tax calculation currency” means the tax calculation currency of the company in the accounting period in which the loss arises,

“the later tax calculation currency” means the tax calculation currency of the company in the accounting period to which the carried-forward amount is to be carried forward, and

“the relevant accounting period” means the earliest accounting period of the company that both—

- (a) begins after the accounting period in which the loss arises, and
- (b) is a period in which the tax calculation currency of the company is the same as the later tax calculation currency.

Changes to legislation:

There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 13.