



Corporation Tax Act 2010

2010 CHAPTER 4

PART 2

CALCULATION OF LIABILITY IN RESPECT OF PROFITS

CHAPTER 4

CURRENCY

The currency to be used in tax calculations

7 UK resident company operating in currency other than sterling and preparing accounts in another currency

- (1) This section applies if, for a period of account, in accordance with generally accepted accounting practice—
- (a) a UK resident company [^{F1}(other than a UK resident investment company)] prepares its accounts in one currency,
 - (b) in those accounts it identifies another currency as its functional currency, and
 - (c) that other currency is not sterling.

[^{F2}(1A) This section also applies if, for a period of account, a UK resident investment company

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- (a) in accordance with generally accepted accounting practice, prepares its accounts in one currency,
 - (b) either—
 - (i) has another currency as its designated currency for that period (see sections 9A and 9B), or
 - (ii) if it does not have a designated currency for that period, in those accounts identifies another currency as its functional currency in accordance with generally accepted accounting practice, and
 - (c) that other currency is not sterling.]

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 7. (See end of Document for details)

- (2) Profits or losses of the company for the period that fall to be calculated in accordance with generally accepted accounting practice for corporation tax purposes must be calculated in sterling as follows—

Step 1

Calculate those profits or losses in the [^{F3}relevant] currency as if the company prepared its accounts in that currency.

Step 2

Take the sterling equivalent of those profits or losses (see section 11).

- (3) If this section applies, assume that any sterling amount mentioned in the Corporation Tax Acts is its equivalent expressed in the [^{F4}relevant] currency of the company.

[^{F5}(4) In subsections (2) and (3) “ the relevant currency ” means the currency other than sterling referred to in subsection (1)(c) or (1A)(c).]

Textual Amendments

- F1** Words in s. 7(1)(a) inserted (with effect in accordance with Sch. 7 para. 8 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 7 para. 2\(2\)](#)
- F2** S. 7(1A) inserted (with effect in accordance with Sch. 7 para. 8 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 7 para. 2\(3\)](#)
- F3** Word in s. 7(2) substituted (with effect in accordance with Sch. 7 para. 8 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 7 para. 2\(4\)](#)
- F4** Word in s. 7(3) substituted (with effect in accordance with Sch. 7 para. 8 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 7 para. 2\(5\)](#)
- F5** S. 7(4) inserted (with effect in accordance with Sch. 7 para. 8 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 7 para. 2\(6\)](#)

Modifications etc. (not altering text)

- C1** S. 7 applied (with modifications) by 2010 c. 8, s. 371SI(3) (as inserted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#)), [Sch. 20 para. 1](#))

Changes to legislation:

There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 7.