
Changes to legislation: Finance (No. 2) Act 2017, Cross Heading: Loans made in a depreciating currency is up to date with all changes known to be in force on or before 03 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

SCHEDULES

SCHEDULE 11

EMPLOYMENT INCOME PROVIDED THROUGH THIRD PARTIES: LOANS ETC OUTSTANDING ON 5 APRIL 2019

PART 1

APPLICATION OF PART 7A OF ITEPA 2003

Loans made in a depreciating currency

- 9 (1) Paragraph 10 applies in relation to a loan where—
- the loan currency is a currency other than sterling, and
 - it is reasonable to suppose that the main reason, or one of the main reasons, for the loan being made in that currency is that the loan currency is expected to depreciate as against sterling during the loan period.
- (2) The “loan period”, in relation to a loan, is the period—
- beginning at the time the loan is made, and
 - ending with the time by which, under the terms of the loan, the whole of the loan is to be repaid.
- 10 (1) Where this paragraph applies in relation to a loan—
- paragraphs 7 and 8 do not apply in relation to the loan, and
 - sub-paragraphs (2) to (5) apply for the purposes of calculating the amount of the loan that is outstanding at the time P is treated as taking the relevant step [^{F1}within paragraph 1].
- (2) The relevant principal amount, in relation to the loan, is an amount equal to the total of—
- the value in sterling, at the reference date, of the initial principal amount lent, and
 - the value in sterling, at the reference date, of any sums that become principal under the loan, otherwise than by capitalisation of interest.
- (3) The “reference date”—
- in relation to an amount within sub-paragraph (2)(a), means the date on which the loan is made, and
 - in relation to a sum within sub-paragraph (2)(b), means the date on which the sum becomes principal.
- (4) The repayment amount, in relation to the loan, is an amount equal to the total of—
- the amount of principal under the loan that has been repaid in sterling, and

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(b) where payments are made, in a currency other than sterling, by way of repayment of principal under the loan, the amount equal to the sterling value of the payments.

(5) The “sterling value” of a payment is its value in sterling on the date it is made.

Textual Amendments

F1 Words in Sch. 11 para. 10(1)(b) inserted (22.7.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 2 para. 32](#)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. A1 para. 8(6)(b) omitted by [2022 c. 3 Sch. 1 para. 32\(b\)](#)
- Sch. A1 para. 8(2) substituted by [2022 c. 3 Sch. 1 para. 32\(a\)](#)