

---

STATUTORY INSTRUMENTS

---

**1996 No. 1348**

**INCOME TAX**

**The Exchange Gains and Losses (Deferral of Gains and Losses) (Amendment) Regulations 1996**

<i>Made</i>	- - - -	<i>21st May 1996</i>
<i>Laid before the House of Commons</i>	- - - -	<i>21st May 1996</i>
<i>Coming into force</i>	- -	<i>30th June 1996</i>

The Treasury, in exercise of the powers conferred on them by sections 143(7) and 167(1) of the Finance Act 1993<sup>(1)</sup> hereby make the following Regulations:

**Citation, commencement and effect**

1. These Regulations may be cited as the Exchange Gains and Losses (Deferral of Gains and Losses) (Amendment) Regulations 1996, shall come into force on 30th June 1996 and shall have effect with respect to accounting periods of companies ending on or after that date.

**Interpretation**

2. In these Regulations “the principal Regulations” means the Exchange Gains and Losses (Deferral of Gains and Losses) Regulations 1994<sup>(2)</sup>, and “regulation” means a regulation of the principal Regulations.

**Amendments to the principal Regulations**

3. In regulation 2(8) for the words “inspector is (or on appeal the Commissioners are) satisfied” there shall be substituted “notice states”.

4. In regulation 4(5), in the inserted subsection (3A), for the words “aggregate profits” there shall be substituted “aggregate of the profits of the claimant company and”.

---

(1) 1993 c. 34.  
(2) S.I. 1994/3228.

---

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

---

21st May 1996

*Simon Burns*  
*Michael Bates*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

---

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Exchange Gains and Losses (Deferral of Gains and Losses) Regulations 1994 (S.I.1994/3228) (“the principal Regulations”) in relation to accounting periods of companies ending on or after 30th June 1996.

Regulation 1 provides for citation, commencement and effect and regulation 2 for interpretation.

Regulation 3 amends regulation 2 of the principal Regulations which makes provision for the continued deferral of exchange gains in circumstances where a long-term capital debt is repaid and replaced by another similar debt. Paragraph (8) of that regulation enables a company to notify the inspector if it wishes one debt (“the replacement debt”) to be taken to replace another debt otherwise than in accordance with the provisions of paragraph (7) of the regulation. These Regulations amend paragraph (8) so that it provides that the replacement debt shall be taken to replace the other debt if the notice given by the company to the inspector states that it did in fact replace the other debt.

Regulation 4 amends regulation 4(5) of the principal Regulations which calculates in relation to groups of companies the amount of an unrealised exchange gain that is available for relief by way of deferral (“the deferred amount”). The amendment secures that the amount of company profits that is an element in the calculation of the deferred amount is the aggregate of the profits of the claimant company and of the group companies referred to in regulation 4(5) of the principal Regulations.