
STATUTORY INSTRUMENTS

1998 No. 3177

The European Single Currency (Taxes) Regulations 1998

PART I
INTRODUCTORY

Citation and commencement

1. These Regulations may be cited as the European Single Currency (Taxes) Regulations 1998 and shall come into force on 1st January 1999.

Interpretation

2.—(1) In these Regulations unless the context otherwise requires—

“commodity or financial futures” has the meaning given by subsection (2)(a) of section 143 of the 1992 Act, and references in these Regulations to commodity or financial futures include references to a commodity or financial futures contract referred to in subsection (7)(a) or (b);

“debt”, other than a debt on a security, includes a debt owed by a bank which is not in sterling and which is represented by a sum standing to the credit of a person in an account in the bank;

“derivative” means any commodity or financial futures or an option;

“ecu” shall be construed in accordance with section 95(5) of the Finance Act 1993;

“euro” means the single currency adopted or proposed to be adopted as its currency by a member State in accordance with the Treaty establishing the European Community;

“euroconversion” has the meaning given by regulation 3;

“long-term capital asset” and “long-term capital liability” have the meaning given in relation to both those expressions by section 143(4) of the Finance Act 1993;

“member State” means a member State other than the United Kingdom;

“participating member State” means a member State that adopts the euro as its currency;

“qualifying contract” shall be construed in accordance with sections 147, 147A and 148 of the Finance Act 1994⁽¹⁾;

“reconventioning” in relation to a relevant asset means a change, consequent on simple redenomination, in the terms of the asset as a result of which the new terms become aligned to the prevailing terms of equivalent marketable relevant assets denominated in euro;

“relevant asset” means a debt (whether or not a debt on a security), a long-term capital asset, a long-term capital liability, an option, a qualifying contract, or any commodity or financial futures;

“renominalisation” in relation to a relevant asset means a change, consequent on simple redenomination, in the minimum nominal amount in which the asset can be held or traded to a new round amount;

(1) 1994 c. 9. Section 147A was inserted by section 101(2) of the Finance Act 1996 (c. 8).

“security” has the meaning given by section 132(3)(b) of the 1992 Act;

“simple redenomination” means the conversion of the currency in which an asset, liability, contract or instrument is expressed from the currency of a participating member State into euro, and any rounding of the resulting amount to the nearest euro cent;

“the Taxes Act” means the Income and Corporation Taxes Act 1988(2);

“the 1992 Act” means the Taxation of Chargeable Gains Act 1992(3).

(2) In these Regulations references to an option, without more, are references to an option to which section 144 or 144A(4) of the 1992 Act applies.

Definition of euroconversion

3.—(1) “Euroconversion” means —

- (a) in relation to any currency, or an amount expressed in any currency, of a participating member State, the conversion or restating of that currency or that amount into euro and any rounding of the resulting amount within a euro;
- (b) in relation to any asset, liability, contract or instrument—
 - (i) the simple redenomination of that asset, liability, contract or instrument, or
 - (ii) in the case of a relevant asset, the simple redenomination of that asset accompanied by either or both of renominalisation and reconventioning, or
 - (iii) the substitution (whether by way of exchange, conversion, replacement or otherwise) for the asset, liability, contract or instrument of an equivalent replacement asset, liability, contract or instrument.

(2) An equivalent replacement asset, liability, contract or instrument means an asset, liability, contract or instrument whose amount, terms and conditions are identical to what it is reasonable to assume would be the amount, terms and conditions of the original asset, liability, contract or instrument were it to undergo a simple redenomination, or (in the case of a relevant asset) a simple redenomination accompanied by either or both of renominalisation and reconventioning.

(3) For the purposes of paragraphs (1) and (2) a simple redenomination is accompanied (in the case of a relevant asset) by renominalisation or reconventioning if either—

- (a) the renominalisation or reconventioning is effected simultaneously, or
- (b) it is effected within a period of time following the simple redenomination which is such as to enable it reasonably to be inferred that the renominalisation or reconventioning is associated with the simple redenomination.

(2) 1988 c. 1.

(3) 1992 c. 12.

(4) Section 144A was inserted by section 96 of the Finance Act 1994.