

---

## STATUTORY INSTRUMENTS

---

# 1998 No. 3177

## The European Single Currency (Taxes) Regulations 1998

### PART II

#### DEDUCTIBILITY OF COSTS OF EUROCONVERSION OF SHARES AND OTHER SECURITIES

##### Interpretation

4. References in this Part of these Regulations to a euroconversion in relation to shares and other securities of a company (“the original shares and other securities”) are references to a euroconversion that is effected solely by the issue of shares and other securities in replacement of the original shares and other securities.

##### Trading companies

5. Costs incurred in respect of a euroconversion of its shares or other securities by a company carrying on a trade shall be deductible in computing the amount of its profits chargeable to corporation tax under Case I of Schedule D as if those costs constituted money wholly and exclusively laid out or expended for the purposes of the trade within section 74(1)(a)(1) of the Taxes Act.

##### Investment companies and insurance companies—deemed expenses of management

###### 6.—(1) Costs which—

- (a) are incurred by an investment company or a company carrying on life assurance business in respect of a euroconversion of its shares or other securities, and
- (b) except where the costs are referable to life assurance business of a company whose profits in relation to that business are charged to tax otherwise than under Case I of Schedule D, are not deductible under regulation 5,

shall be treated as sums disbursed as expenses of management to which section 75(1) of the Taxes Act (deduction in computing total profits of an investment company for an accounting period) applies.

(2) Costs incurred by a company carrying on life assurance business in respect of a euroconversion of its shares or other securities shall be deductible in computing the profits of that company chargeable to corporation tax under Case VI of Schedule D as if those costs were allowances falling to be made under Part II of the Capital Allowance Act 1990<sup>(2)</sup> and referred to in subsection (4) of section 434D<sup>(3)</sup> of the Taxes Act; and accordingly those costs shall be apportioned in accordance with that subsection between the different classes of life assurance business carried on by that company.

---

(1) Section 74(1) was amended by section 144(2) of the Finance Act 1994 and by paragraph 1 of Schedule 7 to the Finance Act 1998.

(2) 1990 c. 1.

(3) Section 434D was inserted by paragraph 23 of Schedule 8 to the Finance Act 1995 (c. 4).

---

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

---

(3) Section 76 of the Taxes Act (expenses of management: insurance companies) shall have effect as if the reference in subsection (1)(d)(4) of that section (disallowance of certain expenses as expenses of management) to expenses referable to different classes of life assurance business included a reference to costs apportioned to those classes of business under paragraph (2).

(4) In this regulation—

“investment company” has the meaning given by section 130 of the Taxes Act;

“life assurance business” shall be construed in accordance with section 431(2) of the Taxes Act.

---

(4) Section 76(1)(d) was amended by paragraph 1 of Schedule 7 to the Finance Act 1990 (c. 29), paragraph 1 of Schedule 7, and Part V of Schedule 19, to the Finance Act 1991 (c. 31), and paragraph 7 of Schedule 8 to the Finance Act 1995.