
STATUTORY INSTRUMENTS

1998 No. 3177

The European Single Currency (Taxes) Regulations 1998

PART X

AMENDMENTS TO THE LOCAL CURRENCY ELECTIONS REGULATIONS

Introductory

41.—(1) The Local Currency Elections Regulations 1994⁽¹⁾ (“the 1994 Regulations”) shall have effect in relation to the adoption of the euro by a member State with the modifications specified in regulations 42 to 47.

(2) Except where otherwise defined in these Regulations, expressions used in this Part of these Regulations have the meanings given by the 1994 Regulations, and references to a regulation in regulations 42 to 47 are references to a regulation of the 1994 Regulations.

Period for determining validity of elections

42.—(1) In regulation 5(2)—

(a) in sub-paragraph (a) after the words “trade is carried on” there shall be inserted

“, determined—

(i) at the beginning of the first accounting period to which the election applies and at any time thereafter, or

(ii) where the election is for a part of a trade which the company begins to carry on at a time in the first accounting period to which the election applies which is not the beginning of that accounting period, at the time the part of the trade commences and at any time thereafter”;

(b) in sub-paragraph (b) there shall be added at the end “as regards the first accounting period to which the election applies and subsequent accounting periods”.

(2) In regulation 6 after the words “In determining” there shall be inserted “for the purposes of regulation 5(2)(a)”.

Existing election for ecu or participating currencies

43.—(1) An election made by a company under regulation 3 or 4 in relation to—

(a) the ecu, or

(b) a currency participating in the euro,

shall have effect for the purposes of the 1994 Regulations on and after 1st January 1999 or, if later, the date on which the euro is adopted by the participating member State concerned, as if the election—

(a) continued on or after that date, and

- (b) was made in relation to the euro as well as in relation to the ecu or, as the case may be, the participating currency concerned.

(2) In paragraph (1) the reference to a currency participating in the euro (or the participating currency) is a reference to the currency of a participating member State which, as a result of the adoption of the euro by that member State, is replaced by the euro but continues to exist as a legal sub-unit of the euro.

Treatment of existing part trade elections in participating currencies

44.—(1) Where prior to 1st January 1999, or, if later, prior to the date on which the euro is adopted by the participating member State concerned—

- (a) a company makes more than one election under regulation 4 for different parts of its trade,
- (b) the currency specified in each election—
 - (i) as at 1st January 1999, is a participating currency, or
 - (ii) as at the later date on which the euro is adopted by the participating member State concerned, is either a participating currency or the euro, and
- (c) the elections taken together cover the whole of the company's trade,

the elections shall be treated on and after 1st January 1999 or, as the case may be, the later date referred to above, for the purposes of the 1994 Regulations, as if they together constituted a single election for the euro as well as for the participating currency concerned under regulation 3 in respect of the whole of the company's trade.

(2) Where prior to 1st January 1999 or, if later, prior to the date on which the euro is adopted by the participating member State concerned—

- (a) a company makes more than one election under regulation 4 for different parts of its trade,
- (b) the currency specified in more than one of its elections—
 - (i) as at 1st January 1999, is a participating currency, or
 - (ii) as at the later date on which the euro is adopted by the participating member State concerned, is either a participating currency or the euro, and
- (c) the elections taken together do not cover the whole of the company's trade,

all the elections referred to in sub-paragraph (b) shall be treated on and after 1st January 1999 or, as the case may be, the later date referred to above, for the purposes of the 1994 Regulations, as if they together constituted a single election for the euro as well as for the participating currency concerned under regulation 4 in respect of part of the company's trade.

Election for whole trade where part trade election already exists

45. For regulation 3(2) there shall be substituted—

“(2) An election made by a company under this regulation for a trade for an accounting period shall be of no effect if—

- (a) an election (“the previous election”) has previously been made by the company under regulation 4 in a different currency for that accounting period and any part of that trade, and
 - (b) the previous election remains in force as respects that trade and that accounting period.
- (3) Where—

- (a) an election (“the new election”) is made by a company under this regulation for a trade for an accounting period, and

- (b) an election (“the previous election”) has previously been made by the company under regulation 4 in the same currency for that accounting period and any part of that trade,

the new election shall be taken to replace the previous election with effect from the beginning of the first accounting period to which the new election applies.”

Determination of rate of exchange where part trade election replaced by whole trade election or combined part trade election

46. In regulation 8—

- (a) in paragraph (1) at the beginning there shall be inserted “Subject to paragraph (5) below,”;
- (b) after paragraph (4) there shall be added—

“(5) Where, as a result of the adoption of the euro by one or more participating member States—

- (a) elections by a company for parts of its trade under regulation 4 are treated under regulation 44 of the European Single Currency (Taxes) Regulations 1998 as a single election by the company for the euro under regulation 3 in respect of the whole of its trade for an accounting period beginning on or after 1st January 1999 or, if later, on or after the date of adoption of the euro by the member State concerned,
- (b) elections by a company for parts of its trade under regulation 4 are treated under regulation 44 of those Regulations as a single election by the company for the euro under regulation 4 in respect of part of its trade for an accounting period beginning on or after 1st January 1999 or, if later, on or after the date of adoption of the euro by the member State concerned,

the company shall, unless it makes a new statement under paragraph (1) above for that accounting period not later than the date specified in paragraph (6) below, be treated in relation to that accounting period and thereafter as using for the purposes of that paragraph the London closing exchange rate.

(6) The date specified is the date which is 92 days after the date of adoption of the euro by the member State concerned.

(7) In paragraphs (5) and (6) above references to the euro are references to the single currency adopted by a member State other than the United Kingdom in accordance with the Treaty establishing the European Community.”

Part trade elections for new part trades

47. In regulation 9 after paragraph (3) there shall be added—

“(4) Subject to the following provisions of these Regulations, an election for a part of a trade which a company begins to carry on at a time (“the relevant time”) in an accounting period that is not the beginning of that accounting period shall have effect as respects that part for all accounting periods beginning on or after the relevant time if the election is made before the relevant time.”