

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2002, SCHEDULE 23. (See end of Document for details)*

# SCHEDULES

## SCHEDULE 23

Section 79

### EXCHANGE GAINS AND LOSSES FROM LOAN RELATIONSHIPS ETC

#### PART 1

#### AMENDMENTS OF THE FINANCE ACT 1996

##### *Introductory*

- 1 Chapter 2 of Part 4 of the Finance Act 1996 (c. 8) (loan relationships) is amended in accordance with the following provisions of this Part.

##### *Meaning of “related transaction”*

F12 .....

##### **Textual Amendments**

- F1** Sch. 23 para. 2 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

##### *Exchange gains and losses from loan relationships etc*

F23 .....

##### **Textual Amendments**

- F2** Sch. 23 para. 3 repealed (with effect in accordance with Sch. 11 Pt. 2(6) Note 3 of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 11 Pt. 2(6)**

##### *Authorised accounting methods*

F34 .....

##### **Textual Amendments**

- F3** Sch. 23 para. 4 repealed (with effect in accordance with s. 52(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 2(6)**

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*Convertible securities etc: exchange gains and losses*

F45 .....

**Textual Amendments**  
F4 Sch. 23 para. 5 repealed (with effect in accordance with s. 52(3), Sch. 10 para. 9(2)(3) of the amending Act) by Finance Act 2004 (c. 12), Sch. 42 Pt. 2(6)

*Extension of section 100 to exchange gains and losses and to items other than money debts*

F56 .....

**Textual Amendments**  
F5 Sch. 23 para. 6 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

*Interpretation*

F67 .....

**Textual Amendments**  
F6 Sch. 23 para. 7 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

*Bad debt etc: cases where departure allowed from assumption of prompt payment in full*

F78 .....

**Textual Amendments**  
F7 Sch. 23 para. 8 repealed (with effect in accordance with s. 52(3) of the amending Act) by Finance Act 2004 (c. 12), Sch. 42 Pt. 2(6)

*Bad debts etc where parties have a connection*

F89 .....

**Textual Amendments**  
F8 Sch. 23 paras. 9-15 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

*Transactions not at arm's length*

F810 .....

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**Textual Amendments**

**F8** Sch. 23 paras. 9-15 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Exchange gains and losses where loan not on arm's length terms*

**F8**11 .....

**Textual Amendments**

**F8** Sch. 23 paras. 9-15 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Continuity of treatment: groups etc*

**F8**12 .....

**Textual Amendments**

**F8** Sch. 23 paras. 9-15 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Loan relationships for unallowable purposes*

**F8**13 .....

**Textual Amendments**

**F8** Sch. 23 paras. 9-15 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Life assurance business*

**F8**14 .....

**Textual Amendments**

**F8** Sch. 23 paras. 9-15 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Special provisions for insurers: apportionments*

**F8**15 .....

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**Textual Amendments**

**F8** Sch. 23 paras. 9-15 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Savings and transitional provisions in the Finance Act 1996*

16 In Schedule 15 (savings and transitional provisions) omit paragraphs 22 to 24.

**PART 2**

AMENDMENTS OF OTHER LEGISLATION

*The Income and Corporation Taxes Act 1988*

*Charges on income*

<sup>F9</sup>17 .....

**Textual Amendments**

**F9** Sch. 23 paras. 17, 18 repealed (1.4.2010) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

*Supplementary charge in respect of ring fence trades*

<sup>F9</sup>18 .....

**Textual Amendments**

**F9** Sch. 23 paras. 17, 18 repealed (1.4.2010) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

<sup>F10</sup>19 .....

**Textual Amendments**

**F10** Sch. 23 para. 19 repealed (7.4.2005) by Finance Act 2005 (c. 7), **Sch. 11 Pt. 2(6)**

*Double taxation relief*

20 (1) Section 798B of the Taxes Act 1988 (adjustments of interest and dividends for spared tax etc) is amended as follows.

(2) In subsection (5) (meaning of “qualifying losses”) for paragraph (a) (exchange losses under Finance Act 1993) substitute—

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- “(a) exchange losses falling to be brought into account as debits for the purposes of Chapter 2 of Part 4 of the Finance Act 1996 (loan relationships); and”.

*Provision not at arm’s length: foreign exchange gains and losses*

F1121 .....

**Textual Amendments**

**F11** Sch. 23 para. 21 repealed (with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 10 Pt. 2 (with Sch. 9 paras. 1-9, 22)

*The Finance Act 1995*

*Miscellaneous amendments*

- 22 (1) The Finance Act 1995 (c. 4) is amended as follows.
- (2) Omit section 131(which made transitional provision in relation to exchange gains and losses and which is spent).
- (3) In Part 2 of Schedule 24 (amendments of certain enactments) in paragraph 7 (commencement on day appointed under section 165(7)(b) of Finance Act 1993) for the words following “come into force on” substitute “ 23rd March 1995 ”.

*The Finance Act 2000*

*Tonnage tax*

- 23 (1) Schedule 22 to the Finance Act 2000 (c. 17) is amended as follows.
- (2) In paragraph 50 (relevant shipping income: certain interests etc) in sub-paragraph (2) (income to which paragraph 50 applies) at the end of paragraph (a) insert “ and ”.
- (3) In paragraph 63 (meaning of “finance costs”) in sub-paragraph (2)(c) (exchange gain or loss) for “within the meaning of Chapter II of Part II of the Finance Act 1993” substitute “ within the meaning given by section 103(1A) of the Finance Act 1996 ”.

*The Finance Act 2002*

*Intangible fixed assets: assets entirely excluded: financial assets*

- 24 (1) Schedule 29 to the Finance Act 2002 (gains and losses of a company from intangible fixed assets) is amended as follows.
- (2) In paragraph 75 (assets entirely excluded: financial assets) in sub-paragraph (3) for paragraph (a) (money debts) substitute—  
“(a) loan relationships;”.

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### PART 3

#### TRANSITIONAL PROVISIONS ETC

##### *Anti-avoidance: change of accounting period*

<sup>F12</sup>25 .....

##### **Textual Amendments**

**F12** Sch. 23 para. 25 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 541\(2\)](#), **Sch. 3 Pt. 1** (with [Pts. 1, 2](#), [Sch. 2 para. 57](#))

##### *Deferred foreign exchange gains*

- 26 (1) The repeal of sections 139 to 143 of the Finance Act 1993 (c. 34) (foreign exchange gains and losses) does not prevent the making of a claim under section 139 of that Act (deferral of unrealised gains) by a company in respect of a gain accruing in an accrual period which begins with, or at any time in, the last accounting period of the company which begins before 1st October 2002; but any such claim shall have effect subject to the following provisions of this paragraph and (subject to regulations under section 81) regulations under Chapter 2 of Part 2 of that Act.
- (2) Amounts which, but for the repeal of subsections (4) to (10) of section 140 of the Finance Act 1993, would fall to be treated by virtue of those subsections as exchange gains for an accrual period which consists of, or falls in, an accounting period beginning on or after 1st October 2002—
- (a) shall be brought into account for that accounting period as if they were credits falling for the purposes of [<sup>F13</sup>Part 5 of the Corporation Tax Act 2009] to be brought into account in respect of the company's loan relationships;
  - (b) shall be treated for the purposes of [<sup>F14</sup>that Part] as non-trading credits, to the extent that they would, but for the repeal of subsections (5), (8) and (9) of section 140 of the Finance Act 1993, have fallen to be treated by virtue of those subsections as non-trading exchange gains; and
  - (c) except as provided by paragraph (b), shall be brought into account under [<sup>F15</sup>section 297(2) of the Corporation Tax Act 2009] (trading credits).
- (3) Before the expiration of the period of 2 years following the end of its first accounting period beginning on or after 1st October 2002, a company may elect for any amounts that would otherwise fall to be brought into account for that accounting period in accordance with paragraph (a) of sub-paragraph (2) instead to be brought into account in accordance with that sub-paragraph, but—
- (a) over the first 6 accounting periods of the company which begin on or after 1st October 2002; and
  - (b) in instalments of an equal amount for each such accounting period.
- (4) If a company—
- (a) makes an election under sub-paragraph (3), but
  - (b) ceases to be within the charge to corporation tax before six accounting periods of the company which begin on or after 1st October 2002 have elapsed,

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any instalment under that sub-paragraph which does not fall to be brought into account for an earlier accounting period shall be brought into account for the accounting period in which the company ceases to be within the charge to corporation tax.

<sup>F16</sup>(5) .....

**Textual Amendments**

- F13** Words in Sch. 23 para. 26(2)(a) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 541(3)(a)(i)** (with Sch. 2 Pts. 1, 2)
- F14** Words in Sch. 23 para. 26(2)(b) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 541(3)(a)(ii)** (with Sch. 2 Pts. 1, 2)
- F15** Words in Sch. 23 para. 26(2)(c) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 541(3)(a)(iii)** (with Sch. 2 Pts. 1, 2)
- F16** Sch. 23 para. 26(5) repealed (with effect in accordance with Sch. 11 Pt. 2(6) Note 3 of the amending Act) by Finance (No. 2) Act 2005 (c. 22), **Sch. 11 Pt. 2(6)**

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