



Finance Act 1993

1993 CHAPTER 34

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER II

EXCHANGE GAINS AND LOSSES

Irrecoverable debts

144 Irrecoverable debts.

(1) In a case where—

- (a) a qualifying company holds an asset consisting of a right to settlement under a qualifying debt or owes a liability consisting of a duty to settle under such a debt, and
- (b) ^{F1} . . . as regards any accounting period of the company, ^{F1} . . . all of the debt outstanding immediately before the end of the period could at that time reasonably have been regarded as irrecoverable,

the company shall be treated for the purposes of this Chapter as if immediately before the end of that accounting period it ceased to be entitled to the asset or subject to the liability.

(2) Subsection (3) below applies in a case where—

- (a) paragraph (a) of subsection (1) above applies, and
- (b) ^{F2} . . . as regards any accounting period of the company, ^{F2} . . . part of the debt outstanding immediately before the end of the period could at that time reasonably have been regarded as irrecoverable.

(3) The company shall be treated for the purposes of this Chapter as if—

Status: Point in time view as at 29/04/1996.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Cross Heading: Irrecoverable debts. (See end of Document for details)

- (a) immediately after the beginning of the accounting period next following the accounting period mentioned in subsection (2) above there were a decrease in the nominal amount of the debt outstanding, and
- (b) the decrease were of an amount equal to so much of the debt, expressed in its settlement currency, as was outstanding immediately before the end of the accounting period mentioned in subsection (2) above and ^{F3} . . . could at that time reasonably have been regarded as irrecoverable.

^{F4}(4)

Textual Amendments

- F1** Words in s. 144(1)(b) repealed (29.4.1996 with effect in accordance with s. 134 and Sch. 20 of the repealing Act) by 1996 c. 8, ss. 134, 205, Sch. 20 para. 68(1), **Sch. 41 Pt. V(10)**
- F2** Words in s. 144(2)(b) repealed (29.4.1996 with effect in accordance with s. 134 and Sch. 20 of the repealing Act) by 1996 c. 8, ss. 134, 205, Sch. 20 para. 68(1), **Sch. 41 Pt. V(10)**
- F3** Words in s. 144(3)(b) repealed (29.4.1996 with effect in accordance with s. 134 and Sch. 20 of the repealing Act) by 1996 c. 8, ss. 134, 205, Sch. 20 para. 68(1), **Sch. 41 Pt. V(10)**
- F4** S. 144(4) repealed (29.4.1996 with effect in accordance with s. 134 and Sch. 20 of the repealing Act) by 1996 c. 8, ss. 134, 205, Sch. 20 para. 68(1), **Sch. 41 Pt. V(10)**

Modifications etc. (not altering text)

- C1** S. 144(1) modified (23.3.1995) by S.I. 1994/3226, **reg. 4(1)** (subject to **reg. 4(2)**)

145 Irrecoverable debts that become recoverable.

- (1) Subsection (2) below applies where—
 - (a) a company has been treated as mentioned in section 144(1) above as regards a debt,
 - (b) at a time (the later time) falling after the end of the accounting period mentioned in section 144(1)(b) above all or part of the debt is actually outstanding, and
 - (c) ^{F5} . . . all or part of the amount actually outstanding at the later time could at that time reasonably have been regarded as recoverable.
- (2) The company shall be treated for the purposes of this Chapter as if—
 - (a) immediately after the later time it had become entitled to an asset consisting of a right to settlement under the debt or (as the case may be) subject to a liability consisting of a duty to settle under the debt, and
 - (b) the nominal amount of the debt outstanding, at the time the company became entitled or subject to the asset or liability, were an amount equal to so much of the debt, expressed in its settlement currency, as was actually outstanding at the later time and ^{F6} . . . could at that time reasonably have been regarded as recoverable.
- (3) Subsections (4) and (5) below apply where—
 - (a) a company has been treated as mentioned in section 144(3) above as regards a debt, or
 - (b) a company has been treated as mentioned in subsection (2) above as regards a debt by virtue of the fact that ^{F7} . . . part of the debt could, at the later time, reasonably have been regarded as recoverable.

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(4) In a case where—

- (a) at a time (the relevant time) falling after the end of the accounting period mentioned in section 144(2)(b) above or (as the case may be) falling after the later time all or part of the debt is actually outstanding,
- (b) ^{F8} . . . all or part of the amount actually outstanding at the relevant time could at that time reasonably have been regarded as recoverable, and
- (c) the recoverable amount exceeds the amount which (taking into account section 144(3) above, subsection (2) above and any previous application of this subsection) is the nominal amount of the debt outstanding at the relevant time,

the company shall be treated for the purposes of this Chapter as if, immediately after the relevant time, there were an increase in the nominal amount of the debt outstanding and the increase were of an amount equal to the excess mentioned in paragraph (c) above.

(5) For the purposes of subsection (4) above the recoverable amount is an amount equal to so much of the debt, expressed in its settlement currency, as was actually outstanding at the relevant time and ^{F9} . . . could at that time reasonably have been regarded as recoverable.

^{F10}(6)

Textual Amendments

- F5** Words in s. 145(1)(c) repealed (29.4.1996 with effect in accordance with s. 134 and Sch. 20 of the repealing Act) by 1996 c. 8, ss. 134, 205, Sch. 20 para. 68(1), **Sch. 41 Pt. V(10)**
- F6** Words in s. 145(2)(b) repealed (29.4.1996 with effect in accordance with s. 134 and Sch. 20 of the repealing Act) by 1996 c. 8, ss. 134, 205, Sch. 20 para. 68(1), **Sch. 41 Pt. V(10)**
- F7** Words in s. 145(3)(b) repealed (29.4.1996 with effect in accordance with s. 134 and Sch. 20 of the repealing Act) by 1996 c. 8, ss. 134, 205, Sch. 20 para. 68(1), **Sch. 41 Pt. V(10)**
- F8** Words in s. 145(4)(b) repealed (29.4.1996 with effect in accordance with s. 134 and Sch. 20 of the repealing Act) by 1996 c. 8, ss. 134, 205, Sch. 20 para. 68(1), **Sch. 41 Pt. V(10)**
- F9** Words in s. 145(5) repealed (29.4.1996 with effect in accordance with s. 134 and Sch. 20 of the repealing Act) by 1996 c. 8, ss. 134, 205, Sch. 20 para. 68(1), **Sch. 41 Pt. V(10)**
- F10** Words in s. 145(6) repealed (29.4.1996 with effect in accordance with s. 134 and Sch. 20 of the repealing Act) by 1996 c. 8, ss. 134, 205, Sch. 20 para. 68(1), **Sch. 41 Pt. V(10)**

Status:

Point in time view as at 29/04/1996.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1993, Cross Heading:
Irrecoverable debts.