

**2005 No. 2013**

**INCOME TAX**

**The Exchange Gains and Losses (Bringing into Account Gains or Losses) (Amendment) Regulations 2005**

<i>Made</i> - - - -	<i>21st July 2005</i>
<i>Laid before the House of Commons</i>	<i>21st July 2005</i>
<i>Coming into force</i> - -	<i>11th August 2005</i>

The Treasury, in exercise of the powers conferred upon them by section 84A(8) to (10) of the Finance Act 1996(a) and paragraph 26(5) of Schedule 23, and paragraph 16(8) to (10) of Schedule 26, to the Finance Act 2002(b), make the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Exchange Gains and Losses (Bringing into Account Gains or Losses) (Amendment) Regulations 2005 and come into force on 11th August 2005.

**Amendment of the Exchange Gains and Losses (Bringing into Account Gains or Losses) Regulations 2005**

2. Amend the Exchange Gains and Losses (Bringing into Account Gains or Losses) Regulations 2005(c) as follows.

3.—(1) Amend regulation 3 (prescribed circumstances in which regulation 4 applies) as follows.

(2) In paragraph (1A)(b)(d)—

- (a) after “relationship” insert “of the company”;
- (b) after “or” where it first occurs insert “an obligation under”.

(3) After paragraph (4) insert—

“(5) In this regulation an obligation under a derivative contract is the obligation of the company to pay in exchange for one currency an amount in a second currency.”.

4.—(1) Amend regulation 7 (regulations 5 and 6-supplementary) as follows.

(2) In paragraphs (4), (5)(a), (5A)(a), (5A)(a)(i), (5A)(b), (5A)(b)(i), (5A)(b)(iii) and (8)(e) after “liability” in each place it occurs insert “or obligation”.

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(a) 1996 c. 8. Section 84A was inserted by paragraph 3 of Part 1 of Schedule 23 to the Finance Act 2002 (c. 23) and sub-sections (8) to (10) were amended by paragraph 2(4) and (5) of Part 1 of Schedule 10 to the Finance Act 2004 (c. 12).  
(b) 2002 c. 23 Paragraph 16(8) to (10) of Schedule 26 was amended by paragraph 48(4) and (5) of Part 2 of Schedule 10 to the Finance Act 2004.  
(c) S.I. 2002/1970, amended by S.I. 2004/3256.  
(d) Paragraph (1A) was inserted by regulation 4(3) of S.I. 2004/3259.  
(e) Paragraphs (5A) and (8) were inserted by regulation 6 (3) and (5) respectively of S.I. 2004/3259.

(3) In Rules 1, 2 and 3 in paragraph (7)(a) after “liabilities” in each place it occurs insert “or obligations”.

5. Omit regulation 14(b) (cases where there are no matching assets).

*Gillian Merron  
Vernon Coaker*

21st July 2005

Two of the Lords Commissioners of Her Majesty’s Treasury

### EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Exchange Gains and Losses (Bringing into Account Gains or Losses) Regulations 2005 (S.I. 2002/1970) which provide how and when certain exchange gains and losses are brought into account for tax purposes. The amendment is required as a result of amendments made to the Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) Regulations 2004 (S.I. 2004/3256).

These Regulations do not impose any new costs on business.

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- (a) Rule 1 was amended by regulation 6(4) of S.I. 2004/3259.  
(b) Regulation 14 was inserted by regulation 10 of S.I. 2004/3256.

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