
STATUTORY INSTRUMENTS

2002 No. 1970

The Exchange Gains and Losses (Bringing into Account Gains or Losses) Regulations 2002

Assets representing certain loan relationships and ships or aircraft

6.—(1) This paragraph applies where the asset disposed of—

- (a) represents a loan relationship of the company other than one which falls within section 92 or 93 of the Finance Act 1996 at the time of the disposal, or
- (b) is a ship or aircraft.

(2) Where paragraph (1) applies, the amount to be brought into account under regulation 4(1) shall not be brought into account, for the purposes of the 1992 Act, as a chargeable gain or allowable loss but instead, for the purposes of Chapter 2, as a credit or a debit (according to whether it is an amount of net gain or net loss) in respect of the loan relationships of the company.

(3) Where the asset disposed of represents a loan relationship which falls within section 92 of the Finance Act 1996(1) at the time of the disposal—

- (a) the amount of any net gain or loss to be brought into account under regulation 4(1) shall be calculated in accordance with regulation 5 only by reference to exchange gains or losses which accrued in relation to liabilities matched with the asset disposed of during accounting periods beginning before 1st October 2002; and
- (b) for the purposes of Chapter 2—
 - (i) the amount of any relevant exchange losses shall be brought into account as a credit in respect of the loan relationships of the company; and
 - (ii) the amount of any relevant exchange gains shall be brought into account as a debit in respect of those loan relationships.

(4) For the purposes of paragraph (3)(b) above, relevant exchange gains or, as the case may be, losses in the case of the asset are the amounts of any exchange gains or, as the case may be, losses which, if section 84A(3) of the Finance Act 1996 had not had effect in relation to them—

- (a) would have been brought into account under subsection (2)(b) of section 92 of that Act in respect of the asset; and
- (b) for the purposes of subsection (5A) of that section would have been relevant exchange gains or, as the case may be, losses in the case of the asset.

(1) Section 92 was amended by paragraph 5 of Schedule 23 to the Finance Act 2002.