



Finance Act 1993

1993 CHAPTER 34

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Corporation tax: currency

VALID FROM 24/07/2002

[^{F1}94AA Rules for ascertaining currency equivalents: general

- (1) Where any receipt or expense, or the value of any asset, liability or derivative contract, of a company—
 - (a) is to be taken into account in making a computation under subsection (1) of section 92 above for an accounting period, and
 - (b) is denominated in a currency other than sterling,it shall be translated into its sterling equivalent by reference to a rate determined in accordance with subsection (4) below.
- (2) Where the amount of any receipt or expense, or the value of any asset, liability or derivative contract, of a company—
 - (a) falls to be brought into account for the purposes of the accounts mentioned in paragraph (a), or the return of accounts mentioned in paragraph (b), of subsection (2) of section 93 above,
 - (b) is denominated in a currency other than the relevant foreign currency, within the meaning of that section, and
 - (c) accordingly falls to be translated into the relevant foreign currency,

Status: Point in time view as at 01/09/1994. This version of this provision is not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1993, Section 94AA. (See end of Document for details)

the amount or value shall for the purposes of that section be translated from the currency mentioned in paragraph (b) above into the relevant foreign currency by reference to a rate determined in accordance with subsection (4) below.

- (3) Where, for any purpose of any provision of section 93A(4) or (6) above, any profit or loss denominated in one currency falls to be translated into its equivalent expressed in another currency, the translation shall be made by reference to a rate determined in accordance with subsection (4) below.
- (4) The rate is—
- (a) the rate used in the preparation of the accounts of the company for the accounting period in question, if that rate is an arm’s length exchange rate for the relevant day, or
 - (b) in any other case, the London closing exchange rate for the relevant day.
- (5) The reference in subsection (4)(a) above to the exchange rate used in the preparation of the accounts of the company includes a reference to any exchange rate implied by a derivative contract whose underlying subject matter is currency.
- (6) Nothing in this section affects the operation of Chapter 4 of Part 17 of the Taxes Act 1988 (controlled foreign companies).
- (7) Nothing in paragraph 88 of Schedule 18 to the Finance Act 1998 (company tax returns, assessments and related matters) shall be taken to prevent an amount being translated under this section for an accounting period by reference to an exchange rate which was not the exchange rate used to translate that amount for the purposes of the Corporation Tax Acts for another accounting period (whether of the same or a different company).
- (8) In this section—
- “accounts” has the same meaning as in section 93 above;
 - “arm’s length exchange rate” means such exchange rate as might reasonably be expected to be agreed between persons dealing at arm’s length;
 - “derivative contract” shall be construed in accordance with Schedule 26 to the Finance Act 2002;
 - “the relevant day”—
- (a) where the rate used in the preparation of the accounts is an exchange rate for a particular day, means that day; and
 - (b) where the rate used in the preparation of the accounts is an average rate for a number of days, means each of those days;
- “underlying subject matter”, in relation to a derivative contract, shall be construed in accordance with Schedule 26 to the Finance Act 2002.]

Textual Amendments

- F1** S. 94AA substituted (24.7.2002 with effect as mentioned in s. 80(2) of the amending Act) for s. 94 by 2002 c. 23, s. 80, **Sch. 24 para. 5** (with **Sch. 23 para. 25**)

Modifications etc. (not altering text)

- C1** Ss. 92-94AB applied (24.7.2002 with effect as mentioned in s. 80(2) of the amending Act) by 2002 c. 23, s. 80, **Sch. 24 para. 7(2)** (with **Sch. 23 para. 25**)

Status:

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Changes to legislation:

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