



# Finance Act 1994

## 1994 CHAPTER 9

### PART IV

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER II

#### INTEREST RATE AND CURRENCY CONTRACTS

##### *Other basic definitions*

#### **153 Qualifying payments.**

- (1) Subject to subsections (2) to (5) below, in this Chapter “qualifying payment” means—
- (a) in relation to a qualifying contract which is an interest rate contract, a payment falling within section 149(2), (3) or (4) above;
  - (b) in relation to a qualifying contract which is a currency contract, a payment falling within subsection (3) or (9) of section 150 above;
  - (c) in relation to a qualifying contract which is a currency option, a payment falling within subsection (9) of that section;
  - [<sup>F1</sup>(ca) in relation to a qualifying contract which is a debt contract, a payment falling within section 150A(5) or (6) above; and]
  - (d) in relation to any qualifying contract, a payment falling within section 151 above.
- (2) In this Chapter “qualifying payment” includes, in relation to a qualifying contract—
- (a) a payment which, if it were a payment under the contract, would be a payment falling within section 151 above; and
  - (b) a payment for securing the acquisition or disposal of the contract.

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*Status: Point in time view as at 29/04/1996. This version of this provision has been superseded.*

*Changes to legislation: Finance Act 1994, Section 153 is up to date with all changes known to be in force on or before 30 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

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- (3) Where a qualifying company closes out a qualifying contract which is an interest rate or currency contract by entering into another contract with obligations which are reciprocal to those of the qualifying contract—
- (a) any payment received by the company in consideration of its entering into the reciprocal contract, or paid by the company in consideration of another person's entering into that contract, is for the purposes of this Chapter a qualifying payment in relation to the qualifying contract; and
  - (b) all other payments under the reciprocal contract, and all subsequent payments under the qualifying contract, shall be ignored for all purposes of the Tax Acts.
- (4) Subsection (5) below applies where, in the case of a qualifying contract which is a currency contract, there is a difference between—
- (a) the local currency equivalent, at the time immediately after the qualifying company becomes entitled to rights and subject to duties under the contract, of the amount of the first currency (the first currency equivalent), and
  - (b) the local currency equivalent, at that time, of the amount of the second currency (the second currency equivalent).
- (5) The amount of the difference shall be treated for the purposes of this Chapter—
- (a) where the first currency equivalent exceeds the second currency equivalent, as a qualifying payment received by the qualifying company at the time specified in the contract for the purposes of section 150(2) above, and
  - (b) where the first currency equivalent is less than the second currency equivalent, as a qualifying payment made by the qualifying company at that time.

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**Textual Amendments**

- F1** S. 153(1)(ca) and the word “and” immediately following it substituted for the word “and” at the end of para. (c) (29.4.1996 with effect as mentioned in s. 105(1) of the amending Act) by 1996 c. 8, s. 101(6) (with savings etc. in Pt. IV Chapter II (ss. 80-105))

**Status:**

Point in time view as at 29/04/1996. This version of this provision has been superseded.

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