

SCHEDULES

SCHEDULE 9

Section 34

FOREIGN CURRENCY BANK ACCOUNTS

1 In TCGA 1992, after section 252 insert—

“252A Foreign currency bank accounts and the remittance basis

Schedule 8A contains provision about the calculation of chargeable gains on disposals of debts to which section 252(1) applies which are not situated in the United Kingdom.”

2 In that Act, after Schedule 8 insert—

“SCHEDULE 8A

FOREIGN CURRENCY BANK ACCOUNTS

Introductory

- 1 (1) This Schedule applies where—
 - (a) an individual makes a disposal of a debt to which section 252(1) applies (“the relevant disposal”),
 - (b) the debt (“the section 252 debt”) is not situated in the United Kingdom, and
 - (c) money or money’s worth which is remitted foreign income (“the section 37 amount”) is excluded under section 37 from the consideration for the relevant disposal.
- (2) For this purpose “remitted foreign income” means income of the individual which is chargeable to income tax on the alternative basis of charge set out in Chapter A1 of Part 14 of ITA 2007 (remittance basis).
- (3) In determining whether the condition in sub-paragraph (1)(c) is met, the following provisions of this Schedule are to be ignored.

Section 37 operates to exclude the whole consideration

- 2 (1) This paragraph applies where the section 37 amount constitutes the whole of the unreduced consideration.
- (2) If the relevant disposal is a part disposal of the section 252 debt, section 42 applies as if the reference in subsection (2)(a) of that section to the consideration for the disposal were a reference to the unreduced consideration for the disposal.
- (3) Any loss accruing to the individual on the relevant disposal is not an allowable loss.

Status: This is the original version (as it was originally enacted).

Section 37 operates to exclude part of the consideration

- 3 (1) This paragraph applies where the section 37 amount constitutes part of the unreduced consideration.
- (2) For the purposes of this Act the relevant disposal is to be treated as if it were—
 - (a) a disposal of so much of the section 252 debt as is represented by the section 37 proportion of the sum mentioned in subparagraph (3) (“debt A”), and
 - (b) a separate disposal of so much of the section 252 debt as is represented by the remainder of that sum (“debt B”).
- (3) That sum is—
 - (a) if the relevant disposal is a disposal of the whole of the section 252 debt, the sum referred to in section 252(1), and
 - (b) if the relevant disposal is a part disposal of that debt, the proportion of the sum referred to in section 252(1) to which that part disposal relates.
- (4) Sub-paragraphs (5) to (9) apply for the purposes of—
 - (a) the computation of the gain accruing on the disposals under subparagraph (2), and
 - (b) the application of Chapter 3 of Part 2 of this Act in relation to the part of the debt (if any) which remains undisposed of.
- (5) The consideration for the disposal (before any exclusion under section 37) is—
 - (a) in the case of debt A, the section 37 amount, and
 - (b) in the case of debt B, the remainder of the unreduced consideration.
- (6) If the relevant disposal is not a part disposal of the section 252 debt—
 - (a) the section 37 proportion of the debt costs and the disposal costs is to be attributed to debt A, and
 - (b) the remaining debt costs and disposal costs are to be attributed to debt B.
- (7) Sub-paragraphs (8) and (9) apply if the relevant disposal is a part disposal of the section 252 debt.
- (8) Section 42(2) applies as if it provided for the debt costs to be apportioned between debt A, debt B and the remainder of the section 252 debt in the proportions which those parts of the section 252 debt bear to one another.
- (9) The section 37 proportion of the disposal costs is to be attributed to debt A and the remaining disposal costs are to be attributed to debt B.
- (10) Any loss accruing to the individual on the disposal of debt A is not an allowable loss.

Status: This is the original version (as it was originally enacted).

Interpretation

4 In this Schedule—

“debt costs” means the sums which under section 38(1)(a) and (b) are attributable to the section 252 debt;

“disposal costs” means the costs within section 38(1)(c) in relation to the relevant disposal;

“the section 252 debt”, “the relevant disposal” and “the section 37 amount” are to be construed in accordance with paragraph 1;

“the section 37 proportion” means the proportion of the unreduced consideration which constitutes the section 37 amount;

“the unreduced consideration” means the consideration for the relevant disposal ignoring the exclusion of the section 37 amount.”

3 The amendments made by this Schedule have effect in relation to disposals on or after 16 December 2009.