
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which come into force on 23rd March 1995, supplement the provisions in sections 139 to 143 of the Finance Act 1993 which allow companies to defer, from one accrual period to the next, recognition of certain unrealised exchange gains on long-term capital borrowings and advances.

Regulation 1 provides for citation, commencement and interpretation.

Regulation 2 provides that where a long-term capital debt is repaid and replaced, within 30 days before or after the repayment, by another similar debt, exchange gains or losses on the original debt are to be treated as unrealised and — in so far as they are eligible for deferral — exchange gains may be deferred and treated as accruing on the replacement debt.

Regulation 3 excludes overseas income or chargeable gains — to the extent that corporation tax thereon is covered by foreign tax — from the company's profits as found under section 141(3) of the Finance Act 1993 for the purposes of computing the amount available for relief under section 141(1) of that Act.

Regulation 4 modifies the rules for calculating the amount available for relief under section 141 where the claimant is a member of a UK group of companies.