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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations modify the application of provisions of the Taxes Acts so as to cater for the proposed adoption of the single currency (“the euro”) by member States other than the United Kingdom from 1st January 1999 in accordance with the Treaty establishing the European Community.

The Regulations are in a number of Parts of which Part I, comprising regulations 1 to 3, is introductory.

Part II (regulations 4 to 6) adapts provisions of the Income and Corporation Taxes Act 1988 (“the 1988 Act”) so as to provide for the deduction by companies for tax purposes of the costs of redenominating shares and securities in euro.

Part III (regulations 7 to 12) adapts provisions in Finance Acts relating to exchange gains and losses, interest rate and currency contracts and debt contracts, and relevant discounted securities, so as to deal with the introduction of the euro.

Part IV (regulations 13 to 19) makes similar provision in relation to agreements for the sale and repurchase of securities and Part V (comprising regulations 20 to 23) makes similar provision in relation to stock lending.

Part VI (regulations 24 to 30) adapts provisions relating to stamp duty and stamp duty reserve tax in connection with the sale and repurchase of securities and stock lending.

Part VII (regulations 31 to 35) adapts provisions relating to the accrued income scheme.

Part VIII (regulations 36 to 39) adapts provisions of the Taxation of Chargeable Gains Act 1992.

Part IX (regulation 40) adapts a provision of the controlled foreign companies legislation (section 747A of the 1988 Act).

Part X (regulations 41 to 47) adapts the Local Currency Elections Regulations 1994.