
STATUTORY INSTRUMENTS

1998 No. 3177

The European Single Currency (Taxes) Regulations 1998

PART IX

CONTROLLED FOREIGN COMPANIES

Replacement of currency used in accounts of controlled foreign company by euro

40.—(1) This regulation applies in a case where, as a result of the adoption of the euro by a participating member State, the currency used in the accounts of a controlled foreign company for the first relevant accounting period of the company is to be replaced by the euro.

(2) Section 747A(2)(1) of the Taxes Act shall have effect as if it provided that—

- (a) where the currency used in the accounts of the controlled foreign company for the first relevant accounting period was the ecu, the chargeable profits for any subsequent accounting period ending on or after 1st January 1999 should be computed and expressed in the euro;
- (b) where the currency used in the accounts of the controlled foreign company for the first relevant accounting period was a currency other than the ecu—
 - (i) the chargeable profits for any subsequent accounting period in which, or in any part of which, the currency continues to exist as a legal sub-unit of the euro should be computed and expressed in either the currency so used or the euro;
 - (ii) the chargeable profits for any accounting period beginning after the end of the latest accounting period referred to in paragraph (i) should be computed and expressed in the euro.

(1) Section 747A was inserted by paragraph 2 of Schedule 25 to the Finance Act 1995 and amended by paragraph 1 of Schedule 36, and Part V(34) of Schedule 41, to the Finance Act 1996 and by paragraph 2 of Schedule 17 to the Finance Act 1998.