

Debts in Foreign Currency

Part 19-01-14

This document should be read together with section 541 TCA 1997

Document last reviewed May 2020



Introduction

Section 541 of the Taxes Consolidation Act 1997 (“TCA 1997”) sets out the Capital Gains Tax (“CGT”) treatment of a debt denominated in a foreign currency.

14.1 Application

A debt in foreign currency is generally subject to the same rules as a debt in euro under Section 541 TCA 1997 (see [Tax and Duty Manual Part 19-01-13](#)). The general rule in Section 541(1) is that where an original creditor disposes of a debt (whether in euro or some other currency), no chargeable gain or allowable loss arises on the disposal.

However, Section 541(6) provides that the section will not apply to a debt owed by a bank which is not in euro and which is represented by a sum standing to the credit of a person in an account in the bank.

As far as foreign currency bank accounts are concerned, a disposal is to be treated not as the disposal of a debt but as a disposal of the chargeable asset in the form of currency.

The disposal of a credit balance in a foreign currency bank account is exempt from any charge to CGT to the extent that the sum in question represents foreign currency acquired by an individual for the personal expenditure outside the State of himself or herself or his or her family or dependants (including expenditure on the maintenance of any residence outside the State).