Debts. CGTA75 s46; FA80 s62(b); FA96 s61(1); FA97 s78 541.—(1) (a) For the purposes of the Capital Gains Tax Acts but subject to paragraph (b), where a person incurs a debt to another person (being the original creditor), whether in Irish currency or in some other currency, no chargeable gain shall accrue to that creditor or to that creditor's personal representative or legatee on a disposal of the debt.

   (b) Paragraph (a) shall not apply in the case of a debt on a security within the meaning of section 585.

   (2) Subject to subsection (1) and sections 585 and 586, the satisfaction of a debt or part of a debt) shall be treated for the purposes of the Capital Gains Tax Acts as a disposal of the debt or of that part by the creditor made at the time when the debt or that part is satisfied.

   (3) Where property is acquired by a creditor in satisfaction of the creditor's debt or part of that debt, then, subject to sections 585 and 586, the property shall not be treated for the purposes of the Capital Gains Tax Acts as disposed of by the debtor or acquired by the creditor for a consideration greater than its market value at the time of the creditor's acquisition of it; but, if under subsection (1) or 586) no chargeable gain is to accrue on a disposal of the debt by the original creditor and a chargeable gain accrues to that creditor on a disposal by that creditor of the property, the amount of the chargeable gain shall (where necessary) be reduced so as not to exceed the chargeable gain which would have accrued if that creditor had acquired the property for a consideration equal to the amount of the debt or that part of the debt.

   (4) For the purposes of the Capital Gains Tax Acts, a loss accruing on the disposal of a debt acquired by the person making the disposal from the original creditor or the original creditor's personal representative or legatee at a time when the creditor or the creditor's personal representative or legatee is a person connected with the person making the disposal, and so acquired either directly or by one or more than one purchase through persons all of whom are connected with the person making the disposal, shall not be an allowable loss.

   (5) Where the original creditor is a trustee and the debt when created is settled property, subsections (1) and (4) shall apply as if for the references to the original creditor's personal representative or legatee there were substituted references to any person becoming absolutely entitled as against the trustee to the debt on its ceasing to be settled property and to that person's personal representative or legatee.

   (6) This section shall not apply to a debt owed by a bank which is not in Irish currency and which is represented by a sum standing to the credit of a person in an account in the bank, unless it represents currency acquired by the holder for the personal expenditure outside the State of the holder or his or her family or dependants (including expenditure on the maintenance of any residence outside the State).

   (7) For the purposes of this section, a debenture issued by any company shall be deemed to be a security) if it is issued—

   (a) on a reorganisation referred to in section 584 (2) or in pursuance of the debenture's allotment on any such reorganisation,

(b) in exchange for shares in or debentures of another company where the requirements of section 586 (2) are satisfied in relation to the exchange,

(c) under any arrangements referred to in section 587 (2),

(d) in connection with any transfer of assets referred to in section 631,

(e) in connection with any disposal of assets referred to in section 632,

(f) in the course of a transaction which is the subject of an application under section 637, or

(g) in pursuance of rights attached to any debenture within paragraph (a), (b), (c), (d), (e) or (f).

(8) Paragraphs (d), (e) and (f), and (in so far as it relates to debentures within those paragraphs) paragraph (g), of subsection (7) shall apply as respects the disposal of a debenture on or after the 26th day of March, 1997.