Finance Act 1986

1986 CHAPTER 41

An Act to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with Finance. [25th July 1986]

X1X2 Most Gracious Sovereign, WE, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and grant unto your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Editorial Information

X1 The following sections and Schedules are from the following SIF groups: ss. 6, 7, 114(1)(b), Schs. 4, 23 Pt. III (SIF group 12); ss. 100–107, 114(1)(5)(6), Schs. 19, 20, 23 Pt. X (SIF group 65); ss. 1, 2, 4, 5, 8, 114(1)(6), Schs. 3, 5, 23 Pts. I, IV (SIF group 40(1)); ss. 9–15, 114(1), Sch. 6 (SIF group 40(2)); ss. 16–57, 61&–63, 108–110, 114(1)(2)(3)(6), Schs. 7–18, 21, 23 Pts. V, VI, VIII (SIF group 63(1)); ss. 58–60, 114(1)(2)(3)(6), Sch. 23 Pt. VIII (SIF group 63(2)); ss. 111, 114(1)(6), Schs. 22, 23 Pt. XI (SIF group 96); ss. 112, 114(1) (SIF group 99(3)); ss. 113, 114(1) (SIF group 99(7)); ss. 3, 114(1)(6), Schs. 1, 2, 23 Pt. II (SIF group 107); ss. 64–99, 114(1)(4)(6), Sch. 23 Pt. IX (SIF group 114).

X2 General amendments to Tax Acts, Income Tax Acts, and/or Corporation Tax Acts made by legislation after 1.2.1991 are noted against Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1) but not against each Act

Modifications etc. (not altering text)

C1 Act applied (with modifications) (8.2.2011) by The Investment Bank Special Administration Regulations 2011 (S.I. 2011/245), reg. 1, **Sch. 6 Pt. 1** (with reg. 27(a))

C2 Act applied (with modifications) (8.7.2021) by The Payment and Electronic Money Institution Insolvency Regulations 2021 (S.I. 2021/716), reg. 2, Sch. 3 paras. 2, **3** (with reg. 5) (as amended (4.1.2024) by S.I. 2023/1399, regs. 1(2), **4**, 21(4))

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Commencement Information

I1 Act partly in force at Royal Assent, partly retrospective, see individual sections; all provisions so far as unrepealed wholly in force at 1.2.1991. Some provisions came into force at specific times of the day.

PART I

CUSTOMS AND EXCISE AND VALUE ADDED TAX

CHAPTER I

CUSTOMS AND EXCISE

The rates of duty

1 Tobacco products.

(1) For the Table in Schedule 1 to the [M1]Tobacco Products Duty Act 1979 there shall be substituted—

" TABLE

1.	Cigarettes	An amount equal to 21 per cent. of the retail price plus £30·61 per thousand cigarettes.
2.	Cigars	£47·05 per kilogram.
3.	Hand-rolling tobacco	£49·64 per kilogram.
4.	Other smoking tobacco and chewing tobacco	£24·95 per kilogram."

(2) This section shall be deemed to have come into force on 21st March 1986.

Marginal Citations

M1 1979 c. 7.

2 Hydrocarbon oil.

(1) In section 6(1) of the [M2]Hydrocarbon Oil Duties Act 1979 for "£0·1794" (light oil) and "£0·1515" (heavy oil) there shall be substituted "£0·1938" and "£0·1639" respectively.

(2) In subsection (1) of section 11 of that Act (rebate on heavy oil) for paragraphs (a) and (b) there shall be substituted—

"(a) in the case of fuel oil, of £0·0077 a litre less than the rate at which the duty is for the time being chargeable;

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(b) in the case of gas oil, of £0·0110 a litre less than the rate at which the duty is for the time being chargeable; and

(c) in the case of heavy oil other than fuel oil and gas oil, equal to the rate at which the duty is for the time being chargeable."

(3) For subsection (2) of section 11 of that Act (definition of types of heavy oil), there shall be substituted—

"(2) In this section—

"fuel oil" means heavy oil which contains in solution an amount of asphaltenes of not less than 0·5 per cent. or which contains less than 0·5 per cent. but not less than 0·1 per cent. of asphaltenes and has a closed flash point not exceeding 150½C; and

"gas oil" means heavy oil of which not more than 50 per cent. by volume distils at a temperature not exceeding 240½C and of which more than 50 per cent. by volume distils at a temperature not exceeding 340½C."

(4) This section shall be deemed to have come into force at 6 o'oclock in the evening of 18th March 1986.

Marginal Citations

M2 1979 c. 5.

3 Vehicles excise duty.

F1(1) . . . . . .

F1(2) . . . . . .

F1(3) . . . . . .

F1(4) . . . . . .

F2(5) . . . . . .

F1(6) . . . . . .

F1(7) . . . . . .

F1(8) . . . . . .

Textual Amendments

F1 S. 3(1)-(4)(6)-(8) repealed (1.9.1994) by 1994 c. 22, ss. 64, 65, 66, Sch. 4, **Sch. 5 Pt. I** (with s. 57(4))

F2 S. 3(5) repealed*(1.10.1991)* by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt. IV**; S.I. 1991/2021, **art. 2**.

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Other provisions

4 Beer duty: minor amendments.

F3(1) . . . . . .

(2) After section 49 of the Alcoholic Liquor Duties Act 1979 there shall be inserted the following section—

"**49 Drawback allowable to brewer for sale.**

(1) For the purpose of any claim for drawback by a brewer for sale in respect of duty charged on beer, duty which has been determined in accordance with regulations under section 49(1)(bb) above shall be deemed to be duty which has been paid (whether or not it is in fact paid by the time the claim is made).

(2) Subject to such conditions as the Commissioners see fit to impose, drawback allowable to a brewer for sale in respect of beer may be set against any amount to which the brewer is chargeable under section 38 above and, in relation to a brewer for sale, any reference in this Act or the Management Act to drawback payable shall be construed accordingly."

Textual Amendments

F3 S. 4(1) repealed (1.6.1993) by Finance Act 1991 (c. 31, SIF 40:1), ss. 7, 123, **Sch. 19 Pt.II**; S.I. 1993/1152, art. 3(2), **Sch. 1 Pt. II** (with art. 4(1))

5 Warehousing regulations.

Schedule 3 to this Act (which contains amendments about warehousing regulations) shall have effect.

6 Betting duties and bingo duty in Northern Ireland.

(1) The M3Betting and Gaming Duties Act 1981 (in this section referred to as "the 1981 Act") shall have effect subject to the amendments in Part I of Schedule 4 to this Act, being amendments designed to extend to Northern Ireland—

(a) the provisions of the 1981 Act relating to general betting duty and pool betting duty (in place of the provisions of Part III of the M4Miscellaneous Tranferred Excise Duties Act (Northern Ireland) 1972 relating to those duties); F4...

F4(b) . . . . . .

(2) Part II of Schedule 4 to this Act shall have effect for the purpose of making consequential amendments of certain Northern Ireland legislation; and Part III of that Schedule shall have effect for the purpose of extending to Northern Ireland certain subordinate legislation made under the 1981 Act.

(3) Schedule 4 to this Act,—

(a) so far as it relates to general betting duty or pool betting duty, shall come into force on the betting commencement date, but shall not have effect in relation to duty in respect of bets made before that date; F5...

F5(b) . . . . . .

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(4) Part III of the [M5]Miscellaneous Transferred Excise Duties Act (Northern Ireland) 1972 shall cease to have effect on the betting commencement date except in relation to duty in respect of bets made before that date.

(5) In this section and Schedule 4 to this Act—

"the betting commencement date" means 29th September 1986 or, if later, the day appointed for the coming into operation of Part II (betting) of the [M6]Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985; and

[F6]...

Textual Amendments

F4 S. 6(1)(b) and word omitted (1.4.2026) by virtue of Finance Act 2026 (c. 11), s. 88(3), **Sch. 13 para. 4(a)(i)** (with Sch. 13 para. 21)

F5 S. 6(3)(b) and word omitted (1.4.2026) by virtue of Finance Act 2026 (c. 11), s. 88(3), **Sch. 13 para. 4(a)(ii)** (with Sch. 13 para. 21)

F6 Words in s. 6(5) omitted (1.4.2026) by virtue of Finance Act 2026 (c. 11), s. 88(3), **Sch. 13 para. 4(a)(iii)** (with Sch. 13 para. 21)

Marginal Citations

M3 1981 c. 63.

M4 1972 c. 11 (N.I.).

M5 1972 c. 11 (N.I.).

M6 S.I. 1985/1204 (N.I. 11).

7 Betting and gaming duties: evidence by certificate, etc.

After section 29 of the [M7]Betting and Gaming Duties Act 1981 there shall be inserted the following section—

"**29A Evidence by certificate, etc.**

(1) A certificate of the Commissioners—

(a) that any notice required by or under this Act to be given to them had or had not been given at any date, or

(b) that any permit, licence or authority required by or under this Act had or had not been issued at any date, or

(c) that any return required by or under this Act had not been made at any date, or

(d) that any duty shown as due in any return or estimate made in pursuance of this Act had not been paid at any date,

shall be sufficient evidence of that fact until the contrary is proved.

(2) A photograph of any document furnished to the Commissioners for the purposes of this Act and certified by them to be such a photograph shall be admissible in any proceedings, whether civil or criminal, to the same extent as the document itself.

(3) Any document purporting to be a certificate under subsection (1) or (2) above shall be deemed to be such a certificate until the contrary is proved."

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Marginal Citations

M7 1981 c. 63.

8 Licences under the customs and excise Acts.

(1) No excise licence duty shall be chargeable on the grant after 18th March 1986 of an excise licence under any of the provisions of the [M8]Alcoholic Liquor Duties Act 1979 (licensing of various activities relating to the production of alcoholic liqour) or under section 2 of the [M9]Matches and Mechanical Lighters Duties Act 1979 (licensing of manufacture of matches).

(2) The following enactments shall cease to have effect—

(a) sections 12(2), 18(3), [F7]. . . and 75(3) of the Alcoholic Liquor Duties Act 1979 and section 2(2) of the Matches and Mechanical Lighters Duties Act 1979 (which provide for certain excise licences, the duty on which is abolished by subsection (1) above, to expire on a specific date in each year); and

(b) section 81 of the Alcoholic Liquor Duties Act 1979 (under which a licence is required for the leeping or using of a still by any person otherwise than as a distiller, rectifier or compounder).

(3) The holder of a licence under any of the enactments specified in subsection (5) below may suurender the licence to the Commissioners of Customs and Excise at any time.

(4) The Commissioners of Customs and Excise may at any time revoke a licence granted in respect of any premises under any of the enactments specified in subsection (5) below if it appears to them that the holder of the licence has ceased to carry on at those premises the activity in respect of which the licence was granted.

(5) The enactments referred to in subsections (3) and (4) above are—

(a) section 12 of the Alcoholic Liquor Duties Act 1979 (distillers),

(b) section 18 of that Act (rectifiers),

(c) section 47 of that Act (brewers),

(d) section 48 of that Act (persons using premises for adding solutions to beer),

(e) section 54 of that Act (wine producers),

(f) section 55 of that Act (made-wine producers), and

[F8](g) . . . . . .

(6) Schedule 5 to this Act shall have effect for the purpose of supplementing the provisions of this section.

Textual Amendments

F7 Words in s. 8(2)(a) repealed (1.6.1993) by Finance Act 1991 (c. 31, SIF 40:2), ss. 7, 123, **Sch. 19 Pt.II**; S.I. 1993/1152, art. 3(1), **Sch. 1 Pt. II** (with art. 4(1))

F8 S. 8(5)(g) repealed (1.1.1993) by Finance (No. 2) Act 1992 (c. 48), s. 82, **Sch. 18 Pt.II**.

Marginal Citations

M8 1979 c. 4.

M9 1979 c. 6.

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CHAPTER II

VALUE ADDED TAX

F9 9 . . . . . .

Textual Amendments

F9 S. 9 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15** (with Sch. 13 para. 9)

F10 10 . . . . . .

Textual Amendments

F10 S. 10 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15** (with Sch. 13 para. 9)

F11 11 . . . . . .

Textual Amendments

F11 S. 11 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15** (with Sch. 13 para. 9)

F12 12 . . . . . .

Textual Amendments

F12 S. 12 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15** (with Sch. 13 para. 9)

F13 13 . . . . . .

Textual Amendments

F13 S. 13 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15** (with Sch. 13 para. 9)

F14 14 . . . . . .

Textual Amendments

F14 S. 14 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15** (with Sch. 13 para. 9)

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F15 15 . . . . . .

Textual Amendments

F15 S. 15 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15** (with Sch. 13 para. 9)

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Tax rates and main reliefs

16—22. . . . . F16

Textual Amendments

F16 Ss. 16–22 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

23 Employee share schemes: general amendments.

. . . . . F17

Textual Amendments

F17 S. 23 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

24 Approved profit sharing schemes: workers' co-operatives.

(1) F18

(4) Where, for the purpose of securing (and maintaining) approval of its profit sharing scheme in accordance with Part I of Schedule 9 to the Finance Act 1978, the rules of a society which is a workers' co-operative or which is seeking to be registered under the industrial and provident societies legislation as a workers' co-operative contain—

(a) provision for membership of the society by the trustees of the scheme,

(b) provision denying voting rights to those trustees, or

(c) other provisions which appear to the registrar to be reasonably necessary for that purpose,

those provisions shall be disregarded in determining whether the society should be or continue to be registered under the industrial and provident societies legislation as a bona fide co-operative society.

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(5) In subsection (4) above "the industrial and provident societies legislation" means—

F19(a) . . . . . .

(b) the M10Industrial and Provident Societies Act (Northern Ireland) 1969,

and "registrar" has the same meaning as in **[**F20that Act**]** and "co-operative society" has the same meaning as in section 1 of **[**F21that Act**]**.

Textual Amendments

F18 S. 24(1)–(3) repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

F19 S. 24(5)(a) omitted (1.8.2014) by virtue of Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 37(a)** (with Sch. 5)

F20 Words in s. 24(5) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 37(b)** (with Sch. 5)

F21 Words in s. 24(5) substituted (1.8.2014) by Co-operative and Community Benefit Societies Act 2014 (c. 14), s. 154, **Sch. 4 para. 37(c)** (with Sch. 5)

Marginal Citations

M10 1969 c. 24 (N.I.).

25—32. . . . . . F22

Textual Amendments

F22 Ss. 25–32 repealed with savings by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

F23**33** . . . . . .

Textual Amendments

F23 S. 33 repealed (1.9.1992) by Charities Act 1992 (c. 41), s. 78(2), **Sch.7**; S.I. 1992/1900, art. 2(1), **Sch.1**, Appendix.

Foreign element: expenses

34—54. . . . . . F24

Textual Amendments

F24 Ss. 34–54 repealed with savings by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

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CHAPTER II

CAPITAL ALLOWANCES

55—57. . . . . . [F25]

Textual Amendments

F25 Ss. 55–57 repealed by Capital Allowances Act 1990 (c. 1, SIF 63:1), s. 164(4), **Sch. 2**

CHAPTER III

CAPITAL GAINS

[F26]**58** . . . . . .

Textual Amendments

F26 S. 58 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with s. 201(3), Sch. 11 paras. 22, 26(2), 27).

59[F27] . . . . . .

Textual Amendments

F27 S. 59 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with s. 201(3), Sch. 11 paras. 22, 26(2), 27).

60[F28] . . . . . .

Textual Amendments

F28 S. 60 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with s. 201(3), Sch. 11 paras. 22, 26(2), 27).

CHAPTER IV

SECURITIES

61—63. . . . . . [F29]

***Changes to legislation:** Finance Act 1986 is up to date with all changes known to be in force on or before 22 October 2026. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

Textual Amendments

F29 Ss. 61–63 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

PART III

STAMP DUTY

Securities

[F30]64 . . . . . .

Textual Amendments

F30 S. 64 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. V(2) Notes 1, 2 of the amending Act) by Finance Act 1999 (c. 16), s. 139, **Sch. 20 Pt. V(2)**

65 . . . . . .

[F31] . . . . . .

Textual Amendments

F31 S. 65 repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. V(2) Notes 1, 2 of the amending Act) by Finance Act 1999 (c. 16), s. 139, **Sch. 20 Pt. V(2)**

66 Company's purchase of own shares

(1) This section applies where a company purchases its own shares under section **[**[F32]690**]** of the Companies Act **[**[F32]2006**]**[F33]....

(2) **[**[F34]Any return which relates to any of the shares**]** purchased and is delivered to the registrar of companies under section **[**[F35]707**]** of that Act [F36]... shall be charged with stamp duty, and treated for all purposes of the Stamp Act 1891 [M11], as if it were an instrument transferring the shares**[**[F37]to which it relates**]** on sale to the company in pursuance of the contract (or contracts) of purchase concerned.

[F38](2A) . . . . . .

(3) Subject to subsection (4) below, this section applies to any **[**[F39]such return**]** which is delivered to the registrar of companies on or after the day of The Stock Exchange reforms.

(4) This section does not apply to any return to the extent that the shares to which it relates were purchased under a contract entered into before the day of The Stock Exchange reforms.

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(5) In this section "the day of The Stock Exchange reforms" means the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.

Textual Amendments

F32 Word in s. 66(1) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2009 (S.I. 2009/1890), arts. 1(1), **7(a)**

F33 Words in s. 66(1) omitted (1.10.2009) by virtue of The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2009 (S.I. 2009/1890), arts. 1(1), **7(a)**

F34 Words in s. 66(2) substituted (with effect in accordance with s. 195(12) of the amending Act) by Finance Act 2003 (c. 14), **Sch. 40 para. 2(a)(i)**

F35 Word in s. 66(2) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2009 (S.I. 2009/1890), arts. 1(1), **7(b)**

F36 Words in s. 66(2) omitted (1.10.2009) by virtue of The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2009 (S.I. 2009/1890), arts. 1(1), **7(b)**

F37 Words in s. 66(2) inserted (with effect in accordance with s. 195(12) of the amending Act) by Finance Act 2003 (c. 14), **Sch. 40 para. 2(a)(iii)**

F38 S. 66(2A) omitted (with effect in accordance with s. 99(2) of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 32 para. 5**

F39 Words in s. 66(3) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2009 (S.I. 2009/1890), arts. 1(1), **7(c)**

Modifications etc. (not altering text)

C3 S. 66(2) excluded (with effect in accordance with Sch. 24 para. 12(1) of the amending Act) by Finance Act 2014 (c. 26), **Sch. 24 para. 6**

Marginal Citations

M11 1891 c. 39.

Depositary receipts

67 Depositary receipts [F40 1.5% charge]

(1) Subject to subsection (9) below, subsection (2) or (3) below (as the case may be) applies where an instrument F41... transfers relevant securities of a company incorporated in the United Kingdom to a person who at the time of the transfer falls within subsection (6), (7) or (8) below.

[F42 (1A) For the purposes of subsection (1) "instrument" does not include—

(a) a bearer instrument (see subsection (9A));

(b) an exempt capital-raising instrument (see section 72ZA);

(c) an exempt listing instrument (see section 72ZB).]

[F43 (2) If stamp duty is chargeable on the instrument under Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale), the rate at which that duty is chargeable is [F44 1.5% of—

(a) the amount or value of the consideration for the sale to which the instrument gives effect, or

(b) where subsection (2A) applies—

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(i) the amount or value of the consideration for the sale to which the instrument gives effect, or

(ii) if higher, the value of the securities at the date the instrument is executed.**]**

[F45(2A) This subsection applies where the instrument transferring the securities is executed pursuant to—

(a) the exercise of an option to buy or to sell the securities, and

(b) either—

(i) a term of the option which provides for the securities to be transferred to the person falling within subsection (6), (7) or (8), or

(ii) a direction, given by or on behalf of the person entitled or bound to acquire the securities pursuant to the exercise of the option, for the securities to be so transferred.**]**

(3) **[**F46**[**F47If stamp duty is not chargeable on the instrument under Part 1 of Schedule 13 to the Finance Act 1999 (transfer on sale)**]**—

(a) stamp duty is chargeable on the instrument under this subsection, and

(b)**]** subject to subsection (5), the rate at which that duty is chargeable is 1.5% of the value of the securities at the date the instrument is executed.**]**

(4) F48. . . . . .

(5) In a case where —

(a) securities are issued, or securities sold are transferred, and (in either case) they are to be paid for in instalments,

(b) the person to whom they are issued or transferred holds them and transfers them to another person when the last instalment is paid,

(c) the transfer to the other person is effected by an instrument in the case of which subsection (3) above applies,

(d) before the execution of the instrument mentioned in paragraph (c) above an instrument is received by a person falling (at the time of the receipt) within subsection (6), (7) or (8) below,

(e) the instrument so received evidences all the rights which (by virtue of the terms under which the securities are issued or sold as mentioned in paragraph (a) above) subsist in respect of them at the time of the receipt, and

(f) the instrument mentioned in paragraph (c) above contains a statement that paragraphs (a), (b) and (e) above are fulfilled,

subsection (3) above shall have effect as if the reference to the value there mentioned were to an amount (if any) equal to the total of the instalments payable, less those paid before the transfer to the other person is effected.

(6) A person falls within this subsection if his business is exclusively that of holding relevant securities —

(a) as nominee or agent for a person whose business is or includes issuing depositary receipts for relevant securities, and

(b) for the purposes of such part of the business mentioned in paragraph (a) above as consists of issuing such depositary receipts (in a case where the business does not consist exclusively of that).

(7) A person falls within this subsection if —

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(a) he is specified for the purposes of this subsection by the Treasury by order made by statutory instrument, and

(b) his business is or includes issuing depositary receipts for relevant securities.

(8) A person falls within this subsection if —

(a) he is specified for the purposes of this subsection by the Treasury by order made by statutory instrument,

(b) he does not fall within subsection (6) above but his business includes holding relevant securities as nominee or agent for a person who falls within subsection (7)(b) above at the time of the transfer, and

(c) he holds relevant securities as nominee or agent for such a person, for the purposes of such part of that person's business as consists of issuing depositary receipts for relevant securities (in a case where that business does not consist exclusively of that).

[F49(8A) Where an instrument transfers shares or stock or marketable securities admitted to trading on a recognised growth market but not listed on any market, subsections (2) to (5) do not apply and stamp duty is not chargeable on the instrument.

(8B) In subsection (8A) "listed" and "recognised growth market" are to be construed in accordance with section 99A below.**]**

(9) Where an instrument transfers relevant securities of a company incorporated in the United Kingdom —

(a) to a company which at the time of the transfer falls within subsection (6) above F50. . . , and

(b) from a company which at that time falls within that subsection F50. . . ,

subsections (2) to (5) above shall not apply and **[**F51stamp duty is not chargeable on the instrument**]**.

[F52(9ZA) Where an instrument transfers shares in a company which are held by the company (whether in accordance with section 724 of the Companies Act 2006 (treasury shares) or otherwise), subsections (2) to (5) do not apply and stamp duty is not chargeable on the instrument.**]**

[F53(9A) In this section "bearer instrument" has the meaning given in paragraph 3 of Schedule 15 to the Finance Act 1999.**]**

(10) This section applies to any instrument executed on or after the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.

Textual Amendments

F40 Words in s. 67 heading inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 2(a)**

F41 Words in s. 67(1) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 2(b)**

F42 S. 67(1A) inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 2(c)**

F43 S. 67(2)(3) substituted (with effect as mentioned in s. 112(6) of the amending Act) by Finance Act 1999 (c. 16) ss. 112(4), Sch. 14 para. 12(2) (with s. 122)

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F44 Words in s. 67(2) substituted (with effect in accordance with s. 138(6) of the amending Act) by Finance Act 2016 (c. 24), **s. 138(2)(a)**

F45 S. 67(2A) inserted (with effect in accordance with s. 138(6) of the amending Act) by Finance Act 2016 (c. 24), **s. 138(2)(b)**

F46 Words in s. 67(3) substituted (with effect in accordance with s. 99(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 32 para. 14(3)** (with Sch. 32 para. 23)

F47 Words in s. 67(3) substituted (with effect in accordance with s. 138(6) of the amending Act) by Finance Act 2016 (c. 24), **s. 138(2)(c)**

F48 S. 67(4) repealed (with application as mentioned in s. 99(5) of the amending Act) by Finance Act 1997 (c. 16) ss. 99(1), 113, Sch. 18 Pt. VII Note 2

F49 S. 67(8A)(8B) inserted (with effect in accordance with Sch. 24 para. 12(4) of the amending Act) by Finance Act 2014 (c. 26), **Sch. 24 para. 9**

F50 Words in s. 67(9) repealed (with effect as mentioned in s. 134(5) of the amending Act) by Finance Act 2000 (c. 17), ss. 134(3), 156, **Sch. 40 Pt. III** Note 2

F51 Words in s. 67(9) substituted (with effect in accordance with s. 99(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 32 para. 6**

F52 S. 67(9ZA) inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 2(d)**

F53 S. 67(9A) inserted (with effect in accordance with s. 99(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 32 para. 14(4)** (with Sch. 32 para. 23)

68 Depositary receipts: notification

(1) A person whose business is or includes issuing depositary receipts for relevant securities of a company incorporated in the United Kingdom shall notify the Commissioners of that fact before the end of the period of one month beginning with the date on which he first issues such depositary receipts.

(2) A person whose business includes (but does not exclusively consist of) holding relevant securities (being securities of a company incorporated in the United Kingdom)—

(a) as nominee or agent for a person whose business is or includes issuing depositary receipts for relevant securities, and

(b) for the purposes of such part of the business mentioned in paragraph (a) above as consists of issuing such depositary receipts (in a case where the business does not consist exclusively of that),

shall notify the Commissioners of that fact before the end of the period of one month beginning with the date on which he first holds such relevant securities as such a nominee or agent and for such purposes.

(3) A company which is incorporated in the United Kingdom and becomes aware that any shares in the company are held by a person such as is mentioned in subsection (1) or (2) above shall notify the Commissioners of that fact before the end of the period of one month beginning with the date on which the company first becomes aware of that fact.

(4) A person who fails to comply with subsection (1) or (2) above shall be liable to a **[**[F54]penalty**]** not exceeding £1,000.

(5) A company which fails to comply with subsection (3) above shall be liable to a **[**[F54]penalty**]** not exceeding £100.

(6) [F55] . . . . . .

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Textual Amendments

F54 Word in s. 68(4)(5) substituted (with effect as mentioned in s. 114(2) of the amending Act) by Finance Act 1999 (c. 16), s. 114(1), **Sch. 17 para. 8**

F55 S. 68(6) repealed (with effect as mentioned in Sch. 20 Pt. V(3) Note of the amending Act) by Finance Act 1999 (c. 16), s. 139, **Sch. 20 Pt. V(3)**

69 Depositary receipts: supplementary

(1) For the purposes of **[**F56sections 67, 68 and 72ZB**]** a depositary receipt for relevant securities is an instrument acknowledging—

(a) that a person holds relevant securities or evidence of the right to receive them, and

(b) that another person is entitled to rights, whether expressed as units or otherwise, in or in relation to relevant securities of the same kind, including the right to receive such securities (or evidence of the right to receive them) from the person mentioned in paragraph (a) above,

except that for those purposes a depositary receipt for relevant securities does not include an instrument acknowledging rights in or in relation to securities if they are issued or sold under terms providing for payment in instalments and for the issue of the instrument as evidence that an instalment has been paid.

(2) The Treasury may by regulations provide that for subsection (1) above (as it has effect for the time being) there shall be substituted a subsection containing a different definition of a depositary receipt for the purposes of sections 67 and 68 above.

(3) References in this section and sections 67 and 68 above to relevant securities, or to relevant securities of a company, are to shares in or stock or marketable securities of any company (which, unless otherwise stated, need not be incorporated in the United Kingdom).

(4) For the purposes of **[**F57section 67(2)(b)(ii) and (3)**]** above the value of securities at the date the instrument is executed shall be taken to be the price they might reasonably be expected to fetch on a sale at that time in the open market.

(5) F58 . . . . . .

(6) F59 . . . . . .

(7) F59 . . . . . .

(8) F59 . . . . . .

(9) The power to make regulations or an order under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

Textual Amendments

F56 Words in s. 69(1) substituted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 3**

F57 Words in s. 69(4) substituted (with effect in accordance with s. 138(6) of the amending Act) by Finance Act 2016 (c. 24), **s. 138(3)**

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F58 S. 69(5) repealed (with effect as mentioned in Sch. 20 Pt. V(1) Notes 1, 2 of the amending Act) by Finance Act 1999 (c. 16), s. 139, **Sch. 20 Pt. V(1)**

F59 S. 69(6)-(8) repealed (with application as mentioned in s. 99(5) of the amending Act) by Finance Act 1997 (c. 16), ss. 99(2)(b), 113, **Sch. 18 Pt. VII** Note 2

Clearance services

70 Clearance services [F60 1.5% charge]

(1) Subject to subsection (9) **[**F61 and section 97A**]** below, subsection (2) or (3) below (as the case may be) applies where an instrument F62 ... transfers relevant securities of a company incorporated in the United Kingdom to a person who at the time of the transfer falls within subsection (6), (7) or (8) below.

[F63 (1A) For the purposes of subsection (1) "instrument" does not include—

(a) a bearer instrument (see subsection (9A));

(b) an exempt capital-raising instrument (see section 72ZA);

(c) an exempt listing instrument (see section 72ZB).**]**

[F64 (2) If stamp duty is chargeable on the instrument under Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale), the rate at which that duty is chargeable is **[**F65 1.5% of—

(a) the amount or value of the consideration for the sale to which the instrument gives effect, or

(b) where subsection (2A) applies—

(i) the amount or value of the consideration for the sale to which the instrument gives effect, or

(ii) if higher, the value of the securities at the date the instrument is executed.**]**

[F66 (2A) This subsection applies where the instrument transferring the securities is executed pursuant to—

(a) the exercise of an option to buy or to sell the securities, and

(b) either—

(i) a term of the option which provides for the securities to be transferred to the person falling within subsection (6), (7) or (8), or

(ii) a direction, given by or on behalf of the person entitled or bound to acquire the securities pursuant to the exercise of the option, for the securities to be so transferred.**]**

(3) **[**F67**[**F68 If stamp duty is not chargeable on the instrument under Part 1 of Schedule 13 to the Finance Act 1999 (transfer on sale)**]**—

(a) stamp duty is chargeable on the instrument under this subsection, and

(b)**]** subject to subsection (5), the rate at which that duty is chargeable is 1.5% of the value of the securities at the date the instrument is executed.**]**

(4) F69 . . . . . .

(5) In a case where —

(a) securities are issued, or securities sold are transferred, and (in either case) they are to be paid for in instalments,

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(b) the person to whom they are issued or transferred holds them and transfers them to another person when the last instalment is paid,

(c) the transfer to the other person is effected by an instrument in the case of which subsection (3) above applies,

(d) before the execution of the instrument mentioned in paragraph (c) above an instrument is received by a person falling (at the time of the receipt) within subsection (6), (7) or (8) below,

(e) the instrument so received evidences all the rights which (by virtue of the terms under which the securities are issued or sold as mentioned in paragraph (a) above) subsist in respect of them at the time of the receipt, and

(f) the instrument mentioned in paragraph (c) above contains a statement that paragraphs (a), (b) and (e) above are fulfilled,

subsection (3) above shall have effect as if the reference to the value there mentioned were to an amount (if any) equal to the total of the instalments payable, less those paid before the transfer to the other person is effected.

(6) A person falls within this subsection if his business is exclusively that of holding relevant securities —

(a) as nominee or agent for a person whose business is or includes the provision of clearance services for the purchase and sale of relevant securities, and

(b) for the purposes of such part of the business mentioned in paragraph (a) above as consists of the provision of such clearance services (in a case where the business does not consist exclusively of that).

(7) A person falls within this subsection if —

(a) he is specified for the purposes of this subsection by the Treasury by order made by statutory instrument, and

(b) his business is or includes the provision of clearance services for the purchase and sale of relevant securities.

(8) A person falls within this subsection if —

(a) he is specified for the purposes of this subsection by the Treasury by order made by statutory instrument,

(b) he does not fall within subsection (6) above but his business includes holding relevant securities as nominee or agent for a person who falls within subsection (7)(b) above at the time of the transfer, and

(c) he holds relevant securities as nominee or agent for such a person, for the purposes of such part of that person's business as consists of the provision of clearance services for the purchase and sale of relevant securities (in a case where that business does not consist exclusively of that).

[F70(8A) Where an instrument transfers shares or stock or marketable securities admitted to trading on a recognised growth market but not listed on any market, subsections (2) to (5) do not apply and stamp duty is not chargeable on the instrument.

(8B) In subsection (8A) "listed" and "recognised growth market" are to be construed in accordance with section 99A below.**]**

(9) Where an instrument transfers relevant securities of a company incorporated in the United Kingdom —

(a) to a company which at the time of the transfer falls within subsection (6) above F71. . . , and

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(b) from a company which at that time falls within that subsection [F71]. . . ,

subsections (2) to (5) above shall not apply and **[**[F72]stamp duty is not chargeable on the instrument**]**.

[[F73](9ZA) Where an instrument transfers shares in a company which are held by the company (whether in accordance with section 724 of the Companies Act 2006 (treasury shares) or otherwise), subsections (2) to (5) do not apply and stamp duty is not chargeable on the instrument.**]**

[[F74](9A) In this section "bearer instrument" has the meaning given in paragraph 3 of Schedule 15 to the Finance Act 1999.**]**

(10) This section applies to any instrument executed on or after the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.

Textual Amendments

F60 Words in s. 70 heading inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 4(a)**

F61 Words in s. 70(1) inserted (1.7.1996) by Finance Act 1996 (c. 8), **s. 196(1)(6)**

F62 Words in s. 70(1) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 4(b)**

F63 S. 70(1A) inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 4(c)**

F64 S. 70(2)(3) substituted (with effect as mentioned in s. 112(6) of the amending Act) by Finance Act 1999 (c. 16), ss. 112(4), **Sch. 14 para. 13(2)** (with s. 122)

F65 Words in s. 70(2) substituted (with effect in accordance with s. 138(6) of the amending Act) by Finance Act 2016 (c. 24), **s. 138(4)(a)**

F66 S. 70(2A) inserted (with effect in accordance with s. 138(6) of the amending Act) by Finance Act 2016 (c. 24), **s. 138(4)(b)**

F67 Words in s. 70(3) substituted (with effect in accordance with s. 99(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 32 para. 15(3)** (with Sch. 32 para. 23)

F68 Words in s. 70(3) substituted (with effect in accordance with s. 138(6) of the amending Act) by Finance Act 2016 (c. 24), **s. 138(4)(c)**

F69 S. 70(4) repealed (with application as mentioned in s. 99(5) of the amending Act) by Finance Act 1997 (c. 16), ss. 99(3), 113, **Sch. 18 Pt. VII** Note 2

F70 S. 70(8A)(8B) inserted (with effect in accordance with Sch. 24 para. 12(4) of the amending Act) by Finance Act 2014 (c. 26), **Sch. 24 para. 10**

F71 Words in s. 70(9) repealed (with effect as mentioned in s. 134(5) of the amending Act) by Finance Act 2000 (c. 17), ss. 134(3), 156, **Sch. 40 Pt. III** Note 2

F72 Words in s. 70(9) substituted (with effect in accordance with s. 99(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 32 para. 7**

F73 S. 70(9ZA) inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 4(d)**

F74 S. 70(9A) inserted (with effect in accordance with s. 99(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 32 para. 15(4)** (with Sch. 32 para. 23)

71 Clearance services: notification

(1) A person whose business is or includes the provision of clearance services for the purchase and sale of relevant securities of a company incorporated in the United

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Kingdom shall notify the Commissioners of that fact before the end of the period of one month beginning with the date on which he first provides such clearance services.

(2) A person whose business includes (but does not exclusively consist of) holding relevant securities (being securities of a company incorporated in the United Kingdom)—

(a) as nominee or agent for a person whose business is or includes the provision of clearance services for the purchase and sale of relevant securities, and

(b) for the purposes of such part of the business mentioned in paragraph (a) above as consists of the provision of such clearance services (in a case where the business does not consist exclusively of that),

shall notify the Commissioners of that fact before the end of the period of one month beginning with the date on which he first holds such relevant securities as such a nominee or agent and for such purposes.

(3) A company which is incorporated in the United Kingdom and becomes aware that any shares in the company are held by a person such as is mentioned in subsection (1) or (2) above shall notify the Commissioners of that fact before the end of the period of one month beginning with the date on which the company first becomes aware of that fact.

(4) A person who fails to comply with subsection (1) or (2) above shall be liable to a **[**F75penalty**]** not exceeding £1,000.

(5) A company which fails to comply with subsection (3) above shall be liable to a **[**F75penalty**]** not exceeding £100.

(6) F76 . . . . . .

Textual Amendments

F75 Word in s. 71(4)(5) substituted (with effect as mentioned in s. 114(2) of the amending Act) by Finance Act 1999 (c. 16), s. 114(1), **Sch. 17 para. 8**

F76 S. 71(6) repealed (with effect as mentioned in Sch. 20 Pt. V(3) Note of the amending Act) by Finance Act 1999 (c. 16), s. 139, **Sch. 20 Pt. V(3)**

72 Clearance services: supplementary

(1) References in sections 70 and 71 above to relevant securities, or to relevant securities of a company, are to shares in or stock or marketable securities of any company (which, unless otherwise stated, need not be incorporated in the United Kingdom).

(2) For the purposes of **[**F77section 70(2)(b)(ii) and (3)**]** above the value of securities at the date the instrument is executed shall be taken to be the price they might reasonably be expected to fetch on a sale at that time in the open market.

(3) F78 . . . . . .

(4) F79 . . . . . .

Textual Amendments

F77 Words in s. 72(2) substituted (with effect in accordance with s. 138(6) of the amending Act) by Finance Act 2016 (c. 24), **s. 138(5)**

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F78 S. 72(3) repealed (with effect as mentioned in Sch. 20 Pt. V(1) Notes 1, 2 of the amending Act) by Finance Act 1999 (c. 16), s. 139, **Sch. 20 Pt. V(1)**

F79 S. 72(4) repealed (with application as mentioned in s. 99(5) of the amending Act) by Finance Act 1997 (c. 16), ss. 99(4)(b), 113, **Sch. 18 Pt. VII**

I[F80]Meaning of "exempt capital-raising instrument" and "exempt listing instrument"

Textual Amendments

F80 Ss. 72ZA, 72ZB and cross-heading inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 5**

72ZA Meaning of "exempt capital-raising instrument"

(1) For the purposes of sections 67 and 70, an instrument is an "exempt capital-raising instrument" if the instrument transfers relevant securities in the course of capital-raising arrangements.

(2) In this section, "capital-raising arrangements" means arrangements pursuant to which relevant securities are issued by a company for the purpose of raising new capital.

(3) An instrument is not prevented from being an exempt capital-raising instrument by reason only of a delay in transferring relevant securities where—

(a) a person ("the transferor") acquires the relevant securities—

(i) before capital-raising arrangements are entered into, or

(ii) in the course of capital-raising arrangements,

(b) the transferor is subject to a restriction that has the effect of preventing the transfer of the relevant securities in the course of the capital-raising arrangements, and

(c) the instrument transfers the relevant securities as soon as reasonably practicable after the time at which the restriction ceases to have effect.

72ZB Meaning of "exempt listing instrument"

(1) For the purposes of sections 67 and 70, an instrument is an "exempt listing instrument" if—

(a) the instrument transfers relevant securities of a company in the course of qualifying listing arrangements, and

(b) those arrangements do not affect the beneficial ownership of the relevant securities.

(2) In this section, "listing arrangements" means arrangements pursuant to which relevant securities, or depositary receipts for relevant securities, are listed on a recognised stock exchange.

(3) For the purposes of this section, listing arrangements are "qualifying" if, immediately before the first transfer of relevant securities in the course of the listing arrangements, no relevant securities in the company or depositary receipts for relevant securities in the company are listed on the recognised stock exchange to which the listing arrangements relate.

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(4) An instrument is not prevented from being an exempt listing instrument by reason only of a delay in transferring relevant securities where—

(a) a person ("the transferor") acquires the relevant securities before qualifying listing arrangements are entered into,

(b) the transferor is subject to a restriction that has the effect of preventing the transfer of the relevant securities in the course of the qualifying listing arrangements, and

(c) the instrument transfers the relevant securities as soon as reasonably practicable after the time at which the restriction ceases to have effect.

(5) Section 1005 of the Income Tax Act 2007 (meaning of "recognised stock exchange", "listed" etc) applies in relation to this section as it applies in relation to the Income Tax Acts.**]**

[**F81Transfers between depositary receipt system and clearance system**]

Textual Amendments

F81 S. 72A and cross-heading inserted (28.7.2000 with effect as mentioned in s. 134(5)(a) of the amending Act) by 2000 c. 17, **s. 134(1)(5)** (which inserting provision is repealed by 2000 c. 17, s. 156, **Sch. 40 Pt. III** Note 3)

[F82**72A Transfers between depositary receipt system and clearance system.**

(1) Where an instrument transfers relevant securities of a company incorporated in the United Kingdom between a depositary receipt system and a clearance system—

(a) the provisions of section 67(2) to (5) or, as the case may be, section 70(2) to (5) above shall not apply, and

[F83(b) stamp duty is not chargeable on the instrument.**]**

(2) A transfer between a depositary receipt system and a clearance system means a transfer—

(a) from (or to) a company that at the time of the transfer falls within section 67(6) above, and

(b) to (or from) a company that at that time falls within section 70(6) above.

(3) This section does not apply to a transfer from a clearance system (that is, from such a company as is mentioned in subsection (2)(b) above) if at the time of the transfer an election is in force under section 97A below in relation to the clearance services for the purposes of which the securities are held immediately before the transfer.**]**

Textual Amendments

F82 S. 72A and cross-heading inserted (28.7.2000 with effect as mentioned in s. 134(5)(a) of the amending Act) by 2000 c. 17, **s. 134(1)(5)** (which inserting provision is repealed by 2000 c. 17, s. 156, **Sch. 40 Pt. III** Note 3)

F83 S. 72A(1)(b) substituted (with effect in accordance with s. 99(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 32 para. 8**

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Reconstructions and acquistions

[F84]73 . . . . . .

Textual Amendments

F84 S. 73 repealed by Finance Act 1986 (c. 41, SIF 114), s. 114, **Sch. 23 Pt. IX(1)** Note 1

74 Reconstructions etc: repeals.

(1) The following provisions shall cease to have effect—

(a) section 55 of the [M12]Finance Act 1927 and section 4 of the [M13]Finance Act (Northern Ireland) 1928 (reconstructions and amalgamations);

(b) paragraph 12(1) and (1A) of Schedule 18 to the [M14]Finance Act 1980 (demergers);

(c) sections 78, 79 and 80 of the Finance Act 1985 (takeovers and winding-up).

(2) In paragraph 12(3) of Schedule 18 to the Finance Act 1980 for the words "sub-paragraph (2) above" there shall be substituted the words "this paragraph".

(3) This section applies to any instrument executed in pursuance of a contract made on or after the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.

Marginal Citations

M12 1927 c. 10.
M13 1928 c. 9 (N.I.).
M14 1980 c. 48.

75 Acquisitions: reliefs.

(1) This section applies where a company (the acquiring company) acquires the whole or part of an undertaking of another company (the target company) in pursuance of a scheme for the reconstruction of the target company.

(2) If the first and second conditions (as defined below) are fulfilled, stamp duty under **[**[F85]Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale)**]**shall not be chargeable on an instrument executed for the purposes of or in connection with the transfer of the undertaking or part.

(3) An instrument on which stamp duty is not chargeable by virtue only of subsection (2) above shall not be taken to be duly stamped unless it is stamped with the duty to which it would be liable but for that subsection or it has, in accordance with section 12 of the Stamp Act 1891, been stamped with a particular stamp denoting that it is not chargeable with any duty.

(4) The first condition is [F86]... that the consideration for the acquisition—

(a) consists of or includes the issue of **[**[F87]non-redeemable**]** shares in the acquiring company to all the shareholders of the target company;

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(b) includes nothing else (if anything) but the assumption or discharge by the acquiring company of liabilities of the target company.

[F88In paragraph (a) above, "non-redeemable shares" means shares which are not redeemable shares.**]**

(5) The second condition is that—

(a) the acquisition is effected for bona fide commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is avoidance of liability to stamp duty, income tax, corporation tax or capital gains tax,

(b) after the acquisition has been made, each shareholder of each of the companies is a shareholder of the other, and

(c) after the acquisition has been made, the proportion of shares of one of the companies held by any shareholder is the same **[**F89 , or as nearly as may be the same,**]** as the proportion of shares of the other company held by that shareholder.

[F90(5A) If immediately before the acquisition the target company or the acquiring company holds any of its own shares, the shares are to be treated for the purposes of subsections (4) and (5) as having been cancelled before the acquisition (and, accordingly, the company is to be treated as if it were not a shareholder of itself).**]**

(6) This section applies to any instrument which is executed after 24th March 1986 unless it is executed in pursuance of an unconditional contract made on or before 18th March 1986.

(7) This section shall be deemed to have come into force on 25th March 1986.

Textual Amendments

F85 Words in s. 75(2) substituted (27.7.1999 with effect as mentioned in s. 112(6) of the amending Act) by Finance Act 1999 (c. 16), ss. 112(4)(6), **Sch. 14 para. 14** (with s. 122)

F86 Words in s. 75(4) repealed (with effect in accordance with s. 169(5) of the amending Act) by Finance Act 2006 (c. 25), s. 169(2)(a), **Sch. 26 Pt. 7(5)**

F87 Words in s. 75(4)(a) inserted (28.7.2000 with effect as mentioned in s. 127(5) of the amending Act) by 2000 c. 17, **s. 127(2)**

F88 Words in s. 75(4) added (28.7.2000 with effect as mentioned in s. 127(5) of the amending Act) by 2000 c. 17, **s. 127(3)**

F89 Words in s. 75(5)(c) inserted (with effect in accordance with s. 169(5) of the amending Act) by Finance Act 2006 (c. 25), **s. 169(2)(b)**

F90 S. 75(5A) inserted (with effect in accordance with s. 74(4) of the amending Act) by Finance Act 2007 (c. 11), **s. 74(1)**

Modifications etc. (not altering text)

C4 S. 75 excluded (28.4.1997) by S.I. 1997/1156, **reg. 12**

F91 76 Acquisitions: further provisions about reliefs.

. . . . . .

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Textual Amendments

F91 S. 76 repealed (with effect in accordance with Sch. 39 para. 10(1) of the amending Act) by Finance Act 2012 (c. 14), **Sch. 39 para. 5(1)(a)** (with Sch. 39 paras. 11-13)

Modifications etc. (not altering text)

C5 S. 76 excluded (28.4.1997) by S.I. 1997/1156, **reg. 12**
S. 76 restricted (retrospective to 24.4.2002) by Finance Act 2002 (c. 23), **s. 113(1)(a)(9)**

77 Acquisition of target company's share capital

(1) Stamp duty under **[**F92Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale)**]** shall not be chargeable on an instrument transferring shares in one company (the target company) to another company (the acquiring company) if the conditions mentioned in subsection (3) below are fulfilled.

(2) An instrument on which stamp duty is not chargeable by virtue only of subsection (1) above shall not be taken to be duly stamped unless it is stamped with the duty to which it would be liable but for that subsection or it has, in accordance with section 12 of the Stamp Act 1891, been stamped with a particular stamp denoting that it is not chargeable with any duty.

(3) The conditions are that —

F93(a) . . . . . .

(b) the transfer forms part of an arrangement by which the acquiring company acquires the whole of the issued share capital of the target company,

(c) the acquisition is effected for bona fide commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is avoidance of liability to stamp duty, stamp duty reserve tax, income tax, corporation tax or capital gains tax,

(d) the consideration for the acquisition consists only of the issue of shares in the acquiring company to the shareholders of the target company,

(e) after the acquisition has been made, each person who immediately before it was made was a shareholder of the target company is a shareholder of the acquiring company,

(f) after the acquisition has been made, the shares in the acquiring company are of the same classes as were the shares in the target company immediately before the acquisition was made,

(g) after the acquisition has been made, the number of shares of any particular class in the acquiring company bears to all the shares in that company the same proportion **[**F94, or as nearly as may be the same proportion,**]** as the number of shares of that class in the target company bore to all the shares in that company immediately before the acquisition was made, F95...

(h) after the acquisition has been made, the proportion of shares of any particular class in the acquiring company held by any particular shareholder is the same **[**F96, or as nearly as may be the same,**]** as the proportion of shares of that class in the target company held by him immediately before the acquisition was made**[**F97, and

(i) at the time the instrument mentioned in subsection (1) is executed there are no disqualifying arrangements, within the meaning given by section 77A, in existence.**]**

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[F98(3A) If immediately before the acquisition the target company or the acquiring company holds any of its own shares, the shares are to be treated for the purposes of subsection **[**F99(3)(b) to (h)**]** as having been cancelled before the acquisition (and, accordingly, the company is to be treated as if it were not a shareholder of itself).**]**

(4) In this section **[**F100and section 77A**]** references to shares and to share capital include references to stock.

(5) This section applies to any instrument executed on or after 1st August 1986.

Textual Amendments

F92 Words in s. 77(1) substituted (with effect as mentioned in s. 112(6) of the amending Act) by Finance Act 1999 (c. 16), ss. 112(4), **Sch. 14 para. 16** (with s. 122)

F93 S. 77(3)(a) repealed (with effect in accordance with s. 169(5) of the amending Act) by Finance Act 2006 (c. 25), s. 169(4)(a), **Sch. 26 Pt. 7(5)**

F94 Words in s. 77(3)(g) inserted (with effect in accordance with s. 169(5) of the amending Act) by Finance Act 2006 (c. 25), **s. 169(4)(b)**

F95 Word in s. 77(3)(g) omitted (with effect in accordance with s. 137(6) of the amending Act) by virtue of Finance Act 2016 (c. 24), **s. 137(2)**

F96 Words in s. 77(3)(h) inserted (with effect in accordance with s. 169(5) of the amending Act) by Finance Act 2006 (c. 25), **s. 169(4)(c)**

F97 S. 77(3)(i) and word inserted (with effect in accordance with s. 137(6) of the amending Act) by Finance Act 2016 (c. 24), **s. 137(2)**

F98 S. 77(3A) inserted (with effect in accordance with s. 74(4) of the amending Act) by Finance Act 2007 (c. 11), **s. 74(2)**

F99 Words in s. 77(3A) substituted (with effect in accordance with s. 137(6) of the amending Act) by Finance Act 2016 (c. 24), **s. 137(3)**

F100 Words in s. 77(4) inserted (with effect in accordance with s. 137(6) of the amending Act) by Finance Act 2016 (c. 24), **s. 137(4)**

Modifications etc. (not altering text)

C6 S. 77 excluded (28.4.1997) by S.I. 1997/1156, **reg. 12**

[F10177A Disqualifying arrangements

(1) This section applies for the purposes of section 77(3)(i).

(2) Arrangements are "disqualifying arrangements" if it is reasonable to assume that the purpose, or one of the purposes, of the arrangements is to secure that—

(a) a particular person obtains control of the acquiring company, or

(b) particular persons together obtain control of that company.

[F102but a person who has held at least 25% of the issued share capital of the target company at all times during the relevant period is not within paragraph (a) or (b).**]**

[F103(2A) For the purposes of subsection (2) the "relevant period" is the period of 3 years ending immediately before the time at which the shares in the acquiring company are issued (or first issued) as consideration for the acquisition.**]**

(3) F104... neither of the following are disqualifying arrangements—

(a) the arrangements for the issue of shares in the acquiring company which is the consideration for the acquisition mentioned in section 77(3);

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(b) any relevant merger arrangements.

(4) In subsection (3) "relevant merger arrangements" means arrangements for the issue of shares in the acquiring company to the shareholders of a company ("company B") other than the target company ("company A") in a case where—

(a) that issue of shares to the shareholders of company B would be the only consideration for the acquisition by the acquiring company of the whole of the issued share capital of company B,

(b) the conditions in section 77(3)(c) and (e) would be met in relation to that acquisition (if that acquisition were made in accordance with the arrangements), and

(c) the conditions in paragraphs (f) to (h) of section 77(3) would be met in relation to that acquisition if—

(i) that acquisition were made in accordance with the arrangements, and

(ii) the shares in the acquiring company issued as consideration for the acquisition of the share capital of company A were ignored for the purposes of those paragraphs;

and in section 77(3)(e) to (h) and (3A) as they apply by virtue of this subsection, references to the target company are to be read as references to company B.

(5) Where—

(a) arrangements within any paragraph of subsection (3) are part of a wider scheme or arrangement, and

(b) that scheme or arrangement includes other arrangements which—

(i) fall within subsection (2), and

(ii) do not fall within any paragraph of subsection (3),

those other arrangements are disqualifying arrangements despite anything in subsection (3).

F105 **[** (5A) The Treasury may by regulations amend subsection (2) or (2A) so as to alter the percentage or length of the period for the time being specified there.

(5B) The power to make regulations under subsection (5A) is exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.**]**

(6) In this section—

"the acquiring company" has the meaning given by section 77(1);

"arrangements" includes any agreement, understanding or scheme (whether or not legally enforceable);

"control" is to be read in accordance with section 1124 of the Corporation Tax Act 2010;

"the target company" has the meaning given by section 77(1).**]**

Textual Amendments

F101 S. 77A inserted (with effect in accordance with s. 137(6) of the amending Act) by Finance Act 2016 (c. 24), **s. 137(5)**

F102 Words in s. 77A(2) inserted (with effect in accordance with s. 79(6) of the amending Act) by Finance Act 2020 (c. 14), **s. 79(2)**

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F103 S. 77A(2A) inserted (with effect in accordance with s. 79(6) of the amending Act) by Finance Act 2020 (c. 14), **s. 79(3)**

F104 Word in s. 77A(3) omitted (with effect in accordance with s. 79(6) of the amending Act) by virtue of Finance Act 2020 (c. 14), **s. 79(4)**

F105 S. 77A(5A)(5B) inserted (with effect in accordance with s. 79(6) of the amending Act) by Finance Act 2020 (c. 14), **s. 79(5)**

Loan capital, letters of allotment etc.

78 Loan capital.

F106(1) . . . . . .

F106(2) . . . . . .

F106(3) . . . . . .

F106(4) . . . . . .

F106(5) . . . . . .

F106(6) . . . . . .

(7) In this section "loan capital" means—

(a) any debenture stock, corporation stock or funded debt, by whatever name known, issued by a body corporate or other body of persons (which here includes a local authority and any body whether formed or established in the United Kingdom or elsewhere);

(b) any capital raised by such a body if the capital is borrowed or has the character of borrowed money, and whether it is in the form of stock or any other form;

(c) stock or marketable securities issued by the government of any country or territory outside the United Kingdom;

[F107(d) any capital raised under arrangements **[**F108to which section 564G of the Income Tax Act 2007**][**F109or section 507 of the Corporation Tax Act 2009**]** (alternative finance investment bonds) **[**F110applies **].]**

F106(8) . . . . . .

(9) In this section "designated international organisation" means an international organisation designated for the purposes of section **[**F111324 of the Taxes Act 1988**]** by an order made under subsection (1) of that section.

F106(10) . . . . . .

F106(11) . . . . . .

F106(12) . . . . . .

F106(13) . . . . . .

F106(14) . . . . . .

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Textual Amendments

F106 S. 78(1)-(6)(8)(10)-(14) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. V(2) Notes 1, 2 of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. V(2)**

F107 S. 78(7)(d) inserted (with effect in accordance with s. 154(5) of the amending Act) by Finance Act 2008 (c. 9), **s. 154(2)**

F108 Words in s. 78(7)(d) substituted (with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), **Sch. 8 para. 195(a)** (with Sch. 9 paras. 1-9, 22)

F109 Words in s. 78(7)(d) inserted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 323** (with Sch. 2 Pts. 1, 2)

F110 Word in s. 78(7)(d) inserted (with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), **Sch. 8 para. 195(b)** (with Sch. 9 paras. 1-9, 22)

F111 Words substituted by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 29 para. 32**

Modifications etc. (not altering text)

C7 S. 78(7) excluded (1.3.2013) by The Building Societies (Core Capital Deferred Shares) Regulations 2013 (S.I. 2013/460), regs. 1(1), **3(2)(a)** (with reg. 1(2))

79 Loan capital: new provisions.

F112(1) . . . . . .

(2) Stamp duty under **[**F113Schedule 15 to the Finance Act 1999 (bearer instruments)**]** shall not be chargeable F114... on the transfer of the loan capital constituted by, or transferable by means of, **[**F115an instrument which relates to loan capital**]**.

(3) Stamp duty shall not be chargeable on an instrument which transfers loan capital issued or raised by —

(a) the financial support fund of the Organisation for Economic Co-operation and Development,

(b) the Inter-American Development Bank, or

(c) an organisation which was a designated international organisation at the time of the transfer (whether or not it was such an organisation at the time the loan capital was issued or raised).

(4) Subject to subsections (5) and (6) below, stamp duty shall not be chargeable on an instrument which transfers any other loan capital.

(5) Subsection (4) above does not apply to an instrument transferring loan capital which, at the time the instrument is executed, carries a right (exercisable then or later) of conversion into shares or other securities, or to the acquisition of shares or other securities, including loan capital of the same description.

(6) Subject to **[**F116subsections (7) to (7B)**]** below, subsection (4) above does not apply to an instrument transferring loan capital which, at the time the instrument is executed or any earlier time, carries or has carried —

(a) a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the capital,

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(b) a right to interest the amount of which falls or has fallen to be determined to any extent by reference to the results of, or of any part of, a business or to the value of any property, or

(c) a right on repayment to an amount which exceeds the nominal amount of the capital and is not reasonably comparable with what is generally repayable (in respect of a similar nominal amount of capital) under the terms of issue of loan capital listed in the Official List of The Stock Exchange.

(7) Subsection (4) above shall not be prevented from applying to an instrument by virtue of subsection (6)(a) or (c) above by reason only that the loan capital concerned carries a right to interest, or (as the case may be) to an amount payable on repayment, determined to any extent by reference to an index showing changes in the general level of prices payable in the United Kingdom over a period substantially corresponding to the period between the issue or raising of the loan capital and its repayment.

[F117(7A) Subsection (4) above shall not be prevented from applying to an instrument by virtue of subsection (6)(b) above by reason only that the loan capital concerned carries a right to interest which—

(a) reduces in the event of the results of a business or part of a business improving, or the value of any property increasing, or

(b) increases in the event of the results of a business or part of a business deteriorating, or the value of any property diminishing.**]**

[F118(7B) Subsection (4) shall not be prevented from applying to a capital market instrument by virtue of subsection (6)(b) by reason only that the capital market investment concerned carries or has carried a right to interest which ceases or reduces if, or to the extent that, the issuer, after meeting or providing for other obligations specified in the capital market arrangement concerned, has insufficient funds available from that capital market arrangement to pay all or part of the interest otherwise due.**]**

[F119(8) Where stamp duty is chargeable under Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) on an instrument which transfers loan capital, the rate at which duty is charged under that Part shall be 0.5% of the amount or value of the consideration for the sale to which the instrument gives effect.**]**

[F120(8A) In the application of this section to loan capital that falls within paragraph (d) of section 78(7) (alternative finance investment bonds)—

(a) subsection (6) has effect as if—

(i) paragraph (a) were omitted, and

(ii) for paragraph (c) there were substituted—

"(c) a right at the end of the bond term (within the meaning of **[**F121section 564G(1) of the Income Tax Act 2007**][**F122or section 507(1) of the Corporation Tax Act 2009**]**) to a payment of an amount that exceeds the aggregate of—

(i) the amount paid for the issue of the bond, and

(ii) the notional payment amount;

and for this purpose the "notional payment amount" means the amount of the payments that would represent a reasonable commercial return (within the meaning of **[**F121section 564G(1) of the Income Tax Act 2007**][**F122or section 507(1) of the Corporation

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Tax Act 2009**]**) on the bond over the bond term, less the amount of the payments actually made.",

(b) subsections (6)(b), (7), (7A), (7B) and (13) have effect as if references to interest were references to additional payments ("additional payments" having the same meaning as in **[**F123section 564G of the Income Tax Act 2007**][**F124or section 507 of the Corporation Tax Act 2009**]**), and

(c) subsections (7B) and (13) also have effect as if—

(i) references to a capital market investment were references to the loan capital falling within paragraph (d) of section 78(7), and

(ii) references to a capital market arrangement were to the arrangements under which that loan capital is raised.**]**

F112(9) . . . . . .

F112(10) . . . . . .

F112(11) . . . . . .

(12) Subsections (7), (9) F125. . . of section 78 above shall apply as if references to that section included references to this.

[F126(13) In this section—

"capital market instrument" means an instrument transferring a capital market investment issued as part of a capital market arrangement, and

"capital market investment" and "capital market arrangement" have the same meaning as in section 72B of the Insolvency Act 1986 (see paragraphs 1 to 3 of Schedule 2A to that Act).**]**

Textual Amendments

F112 S. 79(1)(9)-(11) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. V(2) Notes 1, 2 of the amending Act) by Finance Act 1999 (c. 16), s. 138, **Sch. 20 Pt. V(2)**

F113 Words in s. 79(2) substituted (with application as mentioned in s. 113(4) of the amending Act) by Finance Act 1999 (c. 16), s. 113(3), **Sch. 16 para. 5**

F114 Words in s. 79(2) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 18(a)**

F115 Words in s. 79(2) substituted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 18(b)**

F116 Words in s. 79(6) substituted (with effect in accordance with s. 101(5) of the amending Act) by Finance Act 2008 (c. 9), **s. 101(2)**

F117 S. 79(7A) inserted (with effect as mentioned in s. 133(2)(3) of the amending Act) by Finance Act 2000 (c. 17), **s. 133(1)**

F118 S. 79(7B) inserted (with effect in accordance with s. 101(5) of the amending Act) by Finance Act 2008 (c. 9), **s. 101(3)**

F119 S. 79(8) substituted (with effect as mentioned in s. 112(6) of the amending Act) by Finance Act 1999 (c. 16), s. 112(4), **Sch. 14 para. 17** (with s. 122)

F120 S. 79(8A) inserted (with effect in accordance with s. 154(5) of the amending Act) by Finance Act 2008 (c. 9), **s. 154(3)**

F121 Words in s. 79(8A)(a)(ii) substituted (with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), **Sch. 8 para. 196(a)** (with Sch. 9 paras. 1-9, 22)

F122 Words in s. 79(8A)(a)(ii) inserted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 324(a)** (with Sch. 2 Pts. 1, 2)

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F123 Words in s. 79(8A)(b) substituted (with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), **Sch. 8 para. 196(b)** (with Sch. 9 paras. 1-9, 22)

F124 Words in s. 79(8A)(b) inserted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 324(b)** (with Sch. 2 Pts. 1, 2)

F125 Words in s. 79(12) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. V(2) Notes 1, 2 of the amending Act) by Finance Act 1999 (c. 16), s. 139, **Sch. 20 Pt. V(2)**

F126 S. 79(13) inserted (with effect in accordance with s. 101(5) of the amending Act) by Finance Act 2008 (c. 9), **s. 101(4)**

F127 80 . . . . . .

Textual Amendments

F127 Ss. 80-84 repealed by Finance Act 1990 (c. 29, SIF 114), s. 132, **Sch. 19 Pt. VI**; and the repealed ss. 80-83 are subject to further amendments by: S.I. 1992/3286, **reg. 2**; 1997 c. 16, ss. 97, 98, 113, **Sch. 18 Pt. VIII**, Notes 1, 3, 4; S.I. 1998/3177, **regs. 25**, 27, 29; 1999 c. 16, ss. 112(4)(6), 122, 139, Sch. 14 paras. 18, 19, **Sch. 20 Pt. V(2)**, Notes 1, 2 (which amending Sch. 14 paras. 18, 19 are repealed by 1999 c. 16, ss. 123(3)(4), 139, **Sch. 20 Pt. V(6)** Note); and S.I. 2001/3629, arts. 7, 109, **Sch.**

[F128 80A Sales to intermediaries.

[F129 (1) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or the person's nominee if—

(a) the person is a member of a regulated market on which stock of that kind is regularly traded; and

(b) the person is an intermediary and is recognised as such by the market in accordance with arrangements approved by the Commissioners.

(1A) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or the person's nominee if—

(a) the person is a member of a multilateral trading facility, or a recognised foreign exchange, on which stock of that kind is regularly traded;

(b) the person is an intermediary and is recognised as such by the facility or exchange in accordance with arrangements approved by the Commissioners; and

(c) the sale is effected on the facility or exchange.

(1B) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or the person's nominee if—

(a) the person is an intermediary who is approved for the purposes of this section by the Commissioners; and

(b) stock of that kind is regularly traded on a regulated market.

(1C) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or the person's nominee if—

(a) the person is an intermediary who is approved for the purposes of this section by the Commissioners;

(b) stock of that kind is regularly traded on a multilateral trading facility or a recognised foreign exchange; and

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(c) the sale is effected on the facility or exchange.

(2) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or the person's nominee if—

(a) the person is a member of a regulated market, a multilateral trading facility or a recognised foreign options exchange;

(b) options to buy or sell stock of that kind are regularly traded on, and are listed by or quoted on, that market, facility or exchange;

(c) the person is an options intermediary and is recognised as such by that market, facility or exchange in accordance with arrangements approved by the Commissioners; and

(d) stock of that kind is regularly traded on a regulated market.

(2A) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or the person's nominee if—

(a) the person is a member of a regulated market, a multilateral trading facility or a recognised foreign options exchange;

(b) options to buy or sell stock of that kind are regularly traded on, and are listed by or quoted on, that market, facility or exchange;

(c) the person is an options intermediary and is recognised as such by that market, facility or exchange in accordance with arrangements approved by the Commissioners; and

(d) the sale is effected on a relevant qualifying exchange on which stock of that kind is regularly traded or is effected on a relevant qualifying exchange pursuant to the exercise of a relevant option and options to buy or sell stock of that kind are regularly traded on, and are listed by or quoted on, that exchange;

and in paragraph (d) "relevant qualifying exchange" means a multilateral trading facility, a recognised foreign options exchange or a recognised foreign exchange.

(2B) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or the person's nominee if—

(a) the person is an options intermediary who is approved for the purposes of this section by the Commissioners;

(b) options to buy or sell stock of that kind are regularly traded on, and are listed by or quoted on, a regulated market, a multilateral trading facility or a recognised foreign options exchange; and

(c) stock of that kind is regularly traded on a regulated market.

(2C) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or the person's nominee if—

(a) the person is an options intermediary who is approved for the purposes of this section by the Commissioners;

(b) options to buy or sell stock of that kind are regularly traded on, and are listed by or quoted on, a regulated market, a multilateral trading facility or a recognised foreign options exchange; and

(c) the sale is effected on a relevant qualifying exchange on which stock of that kind is regularly traded or is effected on a relevant qualifying exchange pursuant to the exercise of a relevant option and options to buy or sell stock of that kind are regularly traded on, and are listed by or quoted on, that exchange;

and in paragraph (c) "relevant qualifying exchange" means a multilateral trading facility, a recognised foreign options exchange or a recognised foreign exchange.**]**

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(4) For the purposes of this section—

(a) an intermediary is a person who carries on a bona fide business of dealing in stock and does not carry on an excluded business; and

(b) an options intermediary is a person who carries on a bona fide business of dealing in quoted or listed options to buy or sell stock and does not carry on an excluded business.

(5) The excluded businesses are the following—

(a) any business which consists wholly or mainly in the making or managing of investments;

(b) any business which consists wholly or mainly in, or is carried on wholly or mainly for the purpose of, providing services to persons who are connected with the person carrying on the business;

(c) any business which consists in insurance business;

(d) any business which consists in managing or acting as trustee in relation to a pension scheme or which is carried on by the manager or trustee of such a scheme in connection with or for the purposes of the scheme;

(e) any business which consists in operating or acting as trustee in relation to a collective investment scheme or is carried on by the operator or trustee of such a scheme in connection with or for the purposes of the scheme.

(6) A sale is effected on **[**F130a facility or**]** an exchange for the purposes of **[**F131this section**]** if (and only if)—

(a) it is subject to the rules of **[**F132the facility or exchange**]**; and

(b) it is reported to **[**F132the facility or exchange**]** in accordance with the rules of **[**F132the facility or exchange**]**.

[F133(6A) The Commissioners may approve a person for the purposes of this section only if the person

(a) **[** F134is authorised under the law of an EEA State **[**F135or Gibraltar**]** to provide any of the investment services or activities listed in Section A 2 or 3 of Annex I to the Directive (execution of orders on behalf of clients and dealing on own account), whether or not the person is authorised under the Directive**][**F136or

(b) has permission under the Financial Services and Markets Act 2000 to carry on any of the investment services or activities in paragraph 2 or 3 of Part 3 of Schedule 2 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.**]]**

(7) An instrument on which stamp duty is not chargeable by virtue only of this section shall not be deemed to be duly stamped unless it has been stamped with a stamp denoting that it is not chargeable with any duty; and notwithstanding anything in section 122(1) of the M15Stamp Act 1891, the stamp may be a stamp of such kind as the Commissioners may prescribe.**]**

Textual Amendments

F128 S. 80A inserted (20.10.1997) by 1997 c. 16, **s. 97(1)(4)**; S.I. 1997/2428, **art. 2**

F129 S. 80A(1)-(2C) substituted for s. 80A(1)-(3) (with effect in accordance with Sch. 21 para. 1(5) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 1(2)**

F130 Words in s. 80A(6) inserted (with effect in accordance with Sch. 21 para. 1(5) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 1(3)(a)**

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F131 Words in s. 80A(6) substituted (with effect in accordance with Sch. 21 para. 1(5) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 1(3)(b)**

F132 Words in s. 80A(6) substituted (with effect in accordance with Sch. 21 para. 1(5) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 1(3)(c)**

F133 S. 80A(6A) inserted (with effect in accordance with Sch. 21 para. 1(5) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 1(4)**

F134 Words in s. 80A(6A) renumbered as s. 80A(6A)(a) (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(2)(a)**; 2020 c. 1, Sch. 5 para. 1(1)

F135 Words in s. 80A(6A)(a) inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(2)(b)**; 2020 c. 1, Sch. 5 para. 1(1)

F136 S. 80A(6A)(b) and word inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(2)(c)**; 2020 c. 1, Sch. 5 para. 1(1)

Modifications etc. (not altering text)

C8 S. 80A extended (12.10.2004) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2004 (S.I. 2004/2421), art. 1, **reg. 2**

C9 S. 80A: power to extend conferred (20.7.2005) by Finance (No. 2) Act 2005 (c. 22), **s. 50(1)-(4)**

C10 S. 80A extended (with modifications) (11.8.2005) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2005 (S.I. 2005/1990), regs. 1, **2-7**

C11 S. 80A extended (16.2.2006) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2006 (S.I. 2006/139), regs. 1, **2(1)**

C12 S. 80A: power to extend conferred (24.7.2002) by 2002 c. 23, **s. 117(2)**

C13 S. 80A extended (26.7.2002) by S.I. 2002/1975, **reg. 2**

Marginal Citations

M15 1891 c. 39.

[F137 80B Intermediaries: supplementary.

(1) For the purposes of section 80A above the question whether a person is connected with another shall be determined in accordance with the provisions of **[**F138 section 1122 of the Corporation Tax Act 2010**]**.

F139 (2) In section 80A above and this section—

"collective investment scheme" has the meaning given in section 75 of the M16 Financial Services Act 1986;

[F140 "the Directive" means Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, as amended from time to time;**]**

F141 ...

"EEA State" **[**F142, in relation to any time, means a State which at that time is a member State or any other State which at that time**]** is a contracting party to the agreement on the European Economic Area signed at Oporto on the 2nd May 1992 as adjusted by the Protocol signed at Brussels on the 17th March 1993 **[**F143 (as modified or supplemented from time to time)**]**;

"insurance business" means long term business or general business as defined in section 1 of the M17 Insurance Companies Act 1982;

[F144 "multilateral trading facility" means—

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(a) a UK multilateral trading facility, within the meaning of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;

(b) an EU multilateral trading facility, within the meaning of that Regulation; or

(c) **[**F145a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments (in the system and in accordance with non-discretionary rules) in a way which results in a contract in accordance with Part 2 of the Financial Services (Markets in Financial Instruments) Act 2018 of Gibraltar,**]**

(c) **[**F145a Gibraltar multilateral trading facility within the meaning given by Article 26(11)(b)(ii) of that Regulation;**]**

F146...**]**

"quoted or listed options" means options which are quoted on or listed by **[**F147a multilateral trading facility, a regulated market**]** or a recognised foreign options exchange;

[F144"regulated market" means—

(a) a UK regulated market, within the meaning of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;

(b) an EU regulated market, within the meaning of that Regulation; or

(c) **[**F148a regulated market, within the meaning of that Regulation, which is authorised and functions regularly and in accordance with Part 3 of the Financial Services (Markets in Financial Instruments) Act 2018 of Gibraltar;**]**

(c) **[**F148a Gibraltar regulated market within the meaning given by Article 26(11)(b)(i) of that Regulation;**]]**

"stock" includes any marketable security;

"trustee" and "the operator" shall, in relation to a collective investment scheme, be construed in accordance with section 75(8) of the Financial Services Act 1986.

F149(2A) . . . . . .

(3) In section 80A above "recognised foreign exchange" means a market which—

(a) is not in **[**F150the United Kingdom, Gibraltar or**]** an EEA State; and

(b) is specified in regulations made by the Treasury under this subsection.

(4) In section 80A above and this section "recognised foreign options exchange" means a market which—

(a) is not in **[**F151the United Kingdom, Gibraltar or**]** an EEA State; and

(b) is specified in regulations made by the Treasury under this subsection.

(5) In section 80A above "the exercise of a relevant option" means—

(a) the exercise by the options intermediary concerned of an option to buy stock; or

(b) the exercise of an option binding the options intermediary concerned to buy stock.

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[The Treasury may by regulations amend section 80A above and this section (as they [F152](5A) have effect for the time being) in order to extend the exemption from duty under that section.**]**

(6) The Treasury may by regulations provide that section 80A above shall not have effect in relation to instruments executed in pursuance of kinds of agreement specified in the regulations.

(7) The Treasury may by regulations provide that if—

(a) an instrument falls within **[**[F153]any of subsections (1) to (2C)**]** of section 80A above, and

(b) stamp duty would be chargeable on the instrument apart from that section,

stamp duty shall be chargeable on the instrument at a rate, specified in the regulations, which shall not exceed 10p for every £100 or part of £100 of the consideration for the sale.

(8) The Treasury may by regulations change the meaning of "intermediary" or "options intermediary" for the purposes of section 80A above by amending subsection (4) or (5) of that section (as it has effect for the time being).

(9) The power to make regulations under subsections (3) to (8) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.**]**

Textual Amendments

F137 S. 80B inserted (20.10.1997) by 1997 c. 16, **s. 97(1)(4)**; S.I. 1997/2428, **art. 2**

F138 Words in s. 80B(1) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 197** (with Sch. 2)

F139 Words in s. 80B(2) substituted (1.4.2007 for specified purposes, 1.11.2007 in so far as not already in force) by The Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2007 (S.I. 2007/126), reg. 1(2), **Sch. 6 para. 8(2)**

F140 Words in s. 80B(2) inserted (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 21 para. 2(2)(a)**

F141 Words in s. 80B(2) repealed (with effect in accordance with Sch. 21 para. 2(6) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 2(2)(b), **Sch. 27 Pt. 4(2)**

F142 Words in s. 80B(2) substituted (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 21 para. 2(2)(c)**

F143 Words in s. 80B(2) inserted (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 21 para. 2(2)(c)**

F144 Words in s. 80B(2) inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(3)(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)

F145 Words in s. 80B(2) substituted (31.12.2020) by The Taxes (Amendments) (EU Exit) (No. 2) Regulations 2019 (S.I. 2019/818), regs. 1(4), **2(2)(a)(i)**; 2020 c. 1, Sch. 5 para. 1(1)

F146 Words in s. 80B(2) omitted (31.12.2020) by virtue of The Taxes (Amendments) (EU Exit) (No. 2) Regulations 2019 (S.I. 2019/818), regs. 1(4), **2(2)(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)

F147 Words in s. 80B(2) substituted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(3)(a)(i)**; 2020 c. 1, Sch. 5 para. 1(1)

F148 Words in s. 80B(2) substituted (31.12.2020) by The Taxes (Amendments) (EU Exit) (No. 2) Regulations 2019 (S.I. 2019/818), regs. 1(4), **2(2)(b)**; 2020 c. 1, Sch. 5 para. 1(1)

F149 S. 80B(2A) omitted (31.12.2020) by virtue of The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(3)(b)**; 2020 c. 1, Sch. 5 para. 1(1)

F150 Words in s. 80B(3)(a) inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(3)(c)**; 2020 c. 1, Sch. 5 para. 1(1)

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F151 Words in s. 80B(4)(a) inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(3)(d)**; 2020 c. 1, Sch. 5 para. 1(1)

F152 S. 80B(5A) inserted (with effect in accordance with Sch. 21 para. 2(6) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 2(4)**

F153 Words in s. 80B(7) substituted (with effect in accordance with Sch. 21 para. 2(6) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 2(5)**

Marginal Citations

M16 1986 c. 60.

M17 1982 c. 50.

[F154 80C Repurchases and stock lending.

(1) This section applies where a person (A) has entered into an arrangement with another person (B) under which—

(a) B is to transfer stock of a particular kind to A or his nominee, and

(b) stock of the same kind and amount is to be transferred by A or his nominee to B or his nominee,

and the conditions set out in subsection [F155 (2A) or] (3) below are fulfilled.

(2) Stamp duty shall not be chargeable on an instrument transferring stock to B or his nominee or A or his nominee in accordance with the arrangement.

F156(2A) [The conditions in this subsection are—

(a) that A or B

[is authorised under the law of an EEA State [F158or Gibraltar] to

F157(i) provide any of the investment services or activities listed in Section A 2 or 3 of Annex I to the Directive (execution of orders on behalf of clients and dealing on own account) in relation to stock of the kind concerned, whether or not A or B is authorised under the Directive;][F159or

(ii) has permission under the Financial Services and Markets Act 2000 to carry on any of the investment services or activities in paragraph 2 or 3 of Part 3 of Schedule 2 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;]

(b) that stock of the kind concerned is regularly traded on a regulated market.]

(3) The conditions [F160in this subsection] are—

(a) that the arrangement is effected on [F161a regulated market, a multilateral trading facility] or a recognised foreign exchange; and

(b) that stock of the kind concerned is regularly traded on that [F162market, facility or] exchange.

(4) An arrangement does not fall within subsection (1) above if—

(a) the arrangement is not such as would be entered into by persons dealing with each other at arm's length; or

(b) under the arrangement any of the benefits or risks arising from fluctuations, before the transfer to B or his nominee takes place, in the market value of the stock accrues to, or falls on, A.

(5) An instrument on which stamp duty is not chargeable by virtue only of subsection (2) above shall not be deemed to be duly stamped unless it has been stamped with a

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stamp denoting that it is not chargeable with any duty; and notwithstanding anything in section 122(1) of the [M18]Stamp Act 1891, the stamp may be a stamp of such kind as the Commissioners may prescribe.

(6) An arrangement is effected on **[**[F163]a market, a facility or**]** an exchange for the purposes of subsection (3) above if (and only if)—

(a) it is subject to the rules of **[**[F164]the market, facility or exchange**]**; and

(b) it is reported to **[**[F164]the market, facility or exchange**]** in accordance with the rules of **[**[F164]the market, facility or exchange**]**.

(7) In this section—

[[F165]"the Directive" has the meaning given in section 80B(2) above;**]**

[[F165]"EEA State" has the meaning given in section 80B(2) above;**]**

[F166]...

[[F167]"multilateral trading facility" has the meaning given in section 80B(2);**]**

"recognised foreign exchange" has the meaning given in section 80B(3) above.

[[F167]"regulated market" has the meaning given in section 80B(2).**]**

[F168](7A) . . . . . .

(8) The Treasury may by regulations provide that if stamp duty would be chargeable on an instrument but for subsection (2) above, stamp duty shall be chargeable on the instrument at a rate, specified in the regulations, which shall not exceed 10p for every £100 or part of £100 of the consideration for the transfer.

(9) The Treasury may by regulations amend this section (as it has effect for the time being) in order—

(a) to change the conditions for exemption from duty under this section; or

(b) to provide that this section does not apply in relation to kinds of arrangement specified in the regulations.

(10) The power to make regulations under subsection (8) or (9) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.**]**

Textual Amendments

F154 S. 80C inserted (20.10.1997) by 1997 c. 16, **s. 98(1)(3)**; S.I. 1997/2428, **art. 2**

F155 Words in s. 80C(1) inserted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 5(2)**

F156 S. 80C(2A) inserted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 5(3)**

F157 Words in s. 80C(2A)(a) renumbered as s. 80C(2A)(a)(i) (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(4)(a)(i)**; 2020 c. 1, Sch. 5 para. 1(1)

F158 Words in s. 80C(2A)(i) inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(4)(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)

F159 S. 80C(2A)(ii) and word inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(4)(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)

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F160 Words in s. 80C(3) inserted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 5(4)(a)**

F161 Words in s. 80C(3) substituted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 5(4)(b)**

F162 Words in s. 80C(3) inserted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 5(4)(c)**

F163 Words in s. 80C(6) inserted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 5(5)(a)**

F164 Words in s. 80C(6) substituted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 5(5)(b)**

F165 Words in s. 80C(7) inserted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 5(6)(a)**

F166 Words in s. 80C(7) repealed (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 5(6)(b), **Sch. 27 Pt. 4(2)**

F167 Words in s. 80C(7) inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(4)(b)**; 2020 c. 1, Sch. 5 para. 1(1)

F168 S. 80C(7A) omitted (31.12.2020) by virtue of The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(4)(c)**; 2020 c. 1, Sch. 5 para. 1(1)

Modifications etc. (not altering text)

C14 S. 80C extended (12.10.2004) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2004 (S.I. 2004/2421), art. 1, **reg. 2**

C15 S. 80C: power to extend conferred (20.7.2005) by Finance (No. 2) Act 2005 (c. 22), **s. 50(1)-(4)**

C16 S. 80C extended (with modifications) (11.8.2005) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2005 (S.I. 2005/1990), regs. 1, **2-7**

C17 S. 80C extended (16.2.2006) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2006 (S.I. 2006/139), regs. 1, **2(1)**

C18 S. 80C: power to extend conferred (24.7.2002) by 2002 c. 23, **s. 117(2)**

C19 S. 80C extended (26.7.2002) by S.I. 2002/1975, **art. 2**

Marginal Citations

M18 1891 c. 39.

[F169 80D Repurchases and stock lending: replacement stock on insolvency

(1) This section applies where—

(a) A and B have entered into an arrangement falling within section 80C(1),

(b) the conditions in subsection (2A) or (3) of that section are met,

(c) stock is transferred to A or A's nominee, and

(d) the conditions in subsection (2) below are met.

(2) The conditions in this subsection are that—

(a) A and B are not connected persons within the meaning of **[**F170section 1122 of the Corporation Tax Act 2010**]**,

(b) after B has transferred stock under the arrangement, A or B becomes insolvent,

(c) it becomes apparent (whether before or after the insolvency occurs) that, as a result of the insolvency, stock will not be transferred to B or B's nominee in accordance with the arrangement,

(d) the party who does not become insolvent ("the solvent party") or the solvent party's nominee acquires replacement stock, and

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(e) the replacement stock is acquired before the end of the period of 30 days beginning with the day on which the insolvency occurs ("the insolvency date").

(3) Where collateral is provided under the arrangement (or under arrangements of which that arrangement forms part), stamp duty is not chargeable on any instrument transferring to the solvent party or the solvent party's nominee—

(a) replacement stock acquired using the collateral (whether directly or indirectly), or

(b) where the solvent party uses the whole of the value of the collateral to acquire replacement stock, any further replacement stock.

(4) Where no collateral is provided as mentioned in subsection (3), stamp duty is not chargeable on any instrument transferring replacement stock to the solvent party or the solvent party's nominee.

(5) Subsections (3) and (4) may apply as regards more than one instrument (and where those subsections apply as regards more than one instrument, the instruments may be executed by different persons).

(6) But those subsections apply only as regards replacement stock up to the amount of stock which will not be transferred as a result of the insolvency.

(7) An instrument on which stamp duty is not chargeable by virtue only of subsection (3) or (4) is not to be deemed to be duly stamped unless it has been stamped with a stamp denoting that it is not chargeable with any duty.

(8) Despite section 122(1) of the Stamp Act 1891, the stamp mentioned in subsection (7) may be a stamp of such kind as the Commissioners for Her Majesty's Revenue and Customs may prescribe.

(9) For the purposes of this section a person becomes insolvent—

(a) if a company voluntary arrangement takes effect under Part 1 of the Insolvency Act 1986,

(b) if an administration application (within the meaning of Schedule B1 to that Act) is made or a receiver or manager, or an administrative receiver, is appointed,

(c) on the commencement of a creditor's voluntary winding up (within the meaning of Part 4 of that Act) or a winding up by the court under Chapter 6 of that Part,

(d) if an individual voluntary arrangement takes effect under Part 8 of that Act,

(e) on the **[**F171making of a bankruptcy application or**]** presentation of a bankruptcy petition (within the meaning of Part 9 of that Act),

(f) if a compromise or arrangement takes effect under Part 26 **[**F172or 26A**]** of the Companies Act 2006,

(g) if a bank insolvency order takes effect under Part 2 of the Banking Act 2009,

(h) if a bank administration order takes effect under Part 3 of that Act,F173...

[F174(ha) if a special administration order takes effect under the Investment Bank Special Administration Regulations 2011, F175...**]**

[F176(hb) if a special administration order takes effect under the Payment and Electronic Money Institution Insolvency Regulations 2021, or**]**

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(i) on the occurrence of any corresponding event which has effect under or as a result of the law of Scotland or Northern Ireland or a country or territory outside the United Kingdom.

(10) In this section—

"collateral" means an amount of money or other property which is payable to, or made available for the benefit of, a party to an arrangement or that party's nominee for the purpose of securing the discharge of the requirement to transfer stock to that party or the nominee;

"replacement stock", in the event of a party to an arrangement becoming insolvent, is stock of the same kind as the stock which will not be transferred to the other party or that party's nominee as a result of the insolvency.**]**

Textual Amendments

F169 S. 80D inserted (with effect in accordance with s. 83(2)(3) of the amending Act) by Finance Act 2009 (c. 10), **Sch. 37 para. 2**

F170 Words in s. 80D(2)(a) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 198** (with Sch. 2)

F171 Words in s. 80D(9)(e) inserted (6.4.2016) by The Enterprise and Regulatory Reform Act 2013 (Consequential Amendments) (Bankruptcy) and the Small Business, Enterprise and Employment Act 2015 (Consequential Amendments) Regulations 2016 (S.I. 2016/481), reg. 1, **Sch. 1 para. 7(2)**

F172 Words in s. 80D(9)(f) inserted (26.6.2020) by Corporate Insolvency and Governance Act 2020 (c. 12), s. 49(1), **Sch. 9 para. 3** (with ss. 2(2), 5(2))

F173 Word in s. 80D(9)(h) omitted (8.2.2011) by virtue of The Investment Bank Special Administration Regulations 2011 (S.I. 2011/245), reg. 1, **Sch. 6 para. 9(2)** (with reg. 27(a))

F174 S. 80D(9)(ha) inserted (8.2.2011) by The Investment Bank Special Administration Regulations 2011 (S.I. 2011/245), reg. 1, **Sch. 6 para. 9(2)** (with reg. 27(a))

F175 Word in s. 80D(9)(ha) omitted (8.7.2021) by virtue of The Payment and Electronic Money Institution Insolvency Regulations 2021 (S.I. 2021/716), reg. 2, **Sch. 4 para. 2(2)** (with reg. 5) (as amended (4.1.2024) by S.I. 2023/1399, regs. 1(2), **4**)

F176 S. 80D(9)(hb) inserted (8.7.2021) by The Payment and Electronic Money Institution Insolvency Regulations 2021 (S.I. 2021/716), reg. 2, **Sch. 4 para. 2(2)** (with reg. 5) (as amended (4.1.2024) by S.I. 2023/1399, regs. 1(2), **4**)

F177 81 . . . . . .

Textual Amendments

F177 Ss. 80-84 repealed by Finance Act 1990 (c. 29, SIF 114), s. 132, **Sch. 19 Pt. VI**; and the repealed ss. 80-83 are subject to further amendments by: S.I. 1992/3286, **reg. 2**; 1997 c. 16, ss. 97, 98, 113, **Sch. 18 Pt. VIII**, Notes 1, 3, 4; S.I. 1998/3177, **regs. 25**, 27, 29; 1999 c. 16, ss. 112(4)(6), 122, 139, Sch. 14 paras. 18, 19, **Sch. 20 Pt. V(2)**, Notes 1, 2 (which amending Sch. 14 paras. 18, 19 are repealed by 1999 c. 16, ss. 123(3)(4), 139, **Sch. 20 Pt. V(6)** Note); and S.I. 2001/3629, arts. 7, 109, **Sch.**

F178 82 . . . . . .

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Textual Amendments

F178 Ss. 80-84 repealed by Finance Act 1990 (c. 29, SIF 114), s. 132, **Sch. 19 Pt. VI**; and the repealed ss. 80-83 are subject to further amendments by: S.I. 1992/3286, **reg. 2**; 1997 c. 16, ss. 97, 98, 113, **Sch. 18 Pt. VIII**, Notes 1, 3, 4; S.I. 1998/3177, **regs. 25**, 27, 29; 1999 c. 16, ss. 112(4)(6), 122, 139, Sch. 14 paras. 18, 19, **Sch. 20 Pt. V(2)**, Notes 1, 2 (which amending Sch. 14 paras. 18, 19 are repealed by 1999 c. 16, ss. 123(3)(4), 139, **Sch. 20 Pt. V(6)** Note); and S.I. 2001/3629, arts. 7, 109, **Sch.**

F179 83 . . . . . .

Textual Amendments

F179 Ss. 80-84 repealed by Finance Act 1990 (c. 29, SIF 114), s. 132, **Sch. 19 Pt. VI**; and the repealed ss. 80-83 are subject to further amendments by: S.I. 1992/3286, **reg. 2**; 1997 c. 16, ss. 97, 98, 113, **Sch. 18 Pt. VIII**, Notes 1, 3, 4; S.I. 1998/3177, **regs. 25**, 27, 29; 1999 c. 16, ss. 112(4)(6), 122, 139, Sch. 14 paras. 18, 19, **Sch. 20 Pt. V(2)**, Notes 1, 2 (which amending Sch. 14 paras. 18, 19 are repealed by 1999 c. 16, ss. 123(3)(4), 139, **Sch. 20 Pt. V(6)** Note); and S.I. 2001/3629, arts. 7, 109, **Sch.**

F180 84 Miscellaneous exemptions

(1) In section 127(1) of the Finance Act 1976 [M19](no stamp duty on transfer to stock exchange nominee executed for purposes of a stock exchange transaction) the words " which is executed for the purposes of a stock exchange transaction " shall be omitted.

(2) Stamp duty shall not be chargeable on an instrument effecting a transfer of stock if —

(a) the transferee is a recognised investment exchange or a nominee of a recognised investment exchange, and

(b) an agreement which relates to the stamp duty which would (apart from this subsection) be chargeable on the instrument, and was made between the Commissioners and the investment exchange under section 33 of the Finance Act 1970, is in force at the time of the transfer.

(3) Stamp duty shall not be chargeable on an instrument effecting a transfer of stock if —

(a) the transferee is a recognised clearing house **[**F181, a recognised CSDF182... or a third country CSD**]** or a nominee of a recognised clearing house **[**F183, a recognised CSDF184... or a third country CSD**]**, and

(b) an agreement which relates to the stamp duty which would (apart from this subsection) be chargeable on the instrument, and was made between the Commissioners and the clearing house under section 33 of the Finance Act 1970 [M20], is in force at the time of the transfer.

(4) Subsection (1) above applies to any transfer giving effect to a transaction carried out on or after the day of The Stock Exchange reforms.

(5) Subsection (2) above applies to any instrument giving effect to a transaction carried out on or after such day as the Commissioners may appoint by order made by statutory instrument.

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(6) Subsection (3) above applies to any instrument giving effect to a transaction carried out on or after such day as the Commissioners may appoint by order made by statutory instrument.

Textual Amendments

F180 Ss. 80-84 repealed by Finance Act 1990 (c. 29, SIF 114), s. 132, **Sch. 19 Pt. VI**; and the repealed ss. 80-83 are subject to further amendments by: S.I. 1992/3286, **reg. 2**; 1997 c. 16, ss. 97, 98, 113, **Sch. 18 Pt. VIII**, Notes 1, 3, 4; S.I. 1998/3177, **regs. 25**, 27, 29; 1999 c. 16, ss. 112(4)(6), 122, 139, Sch. 14 paras. 18, 19, **Sch. 20 Pt. V(2)**, Notes 1, 2 (which amending Sch. 14 paras. 18, 19 are repealed by 1999 c. 16, ss. 123(3)(4), 139, **Sch. 20 Pt. V(6)** Note); and S.I. 2001/3629, arts. 7, 109, **Sch.**

F181 Words in s. 84(3)(a) inserted (28.11.2017) by The Central Securities Depositories Regulations 2017 (S.I. 2017/1064), reg. 1, **Sch. para. 4(2)(a)** (with regs. 7(4), 9(1))

F182 Words in s. 84(3)(a) omitted (31.12.2020) by virtue of The Investment Exchanges, Clearing Houses and Central Securities Depositories (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/662), regs. 1(3), **21(2)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F183 Words in s. 84(3)(a) inserted (28.11.2017) by The Central Securities Depositories Regulations 2017 (S.I. 2017/1064), reg. 1, **Sch. para. 4(2)(b)** (with regs. 7(4), 9(1))

F184 Words in s. 84(3)(a) omitted (31.12.2020) by virtue of The Investment Exchanges, Clearing Houses and Central Securities Depositories (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/662), regs. 1(3), **21(2)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Marginal Citations

M19 1976 c. 40.

M20 1970 c. 24.

85 Supplementary

(1) Section 42(1) of the Finance Act 1920 [M21] (reduction of duty in case of certain transfers to jobbers or nominees or qualified dealers) shall have effect, in the case of any transfer giving effect to a transaction carried out on or after the day of The Stock Exchange reforms as if the following were omitted —

(a) in that subsection, the words " a jobber or his nominee or to"and in the proviso to it the words "jobber or"(in each place);

(b) in subsection (3) of that section, paragraph (d) of the definition of "qualified dealer"(Stock Exchange brokers).

(2) Section 34 of the Finance Act 1961 [M22] and section 4 of the Finance Act (Northern Ireland) 1961 [M23] (borrowing of stock by jobbers) shall not apply where stock is transferred in discharge of an undertaking given on or after the day of The Stock Exchange reforms.

(3) Section 42(1) of the Finance Act 1920 shall not apply to any transfer giving effect to a transaction carried out on or after such day as is specified for this purpose in regulations made under section 81(5) above; and different days may be so specified for different purposes.

(4) Section 127(2) of the Finance Act 1976 [M24] (transfer otherwise than on sale from stock exchange nominee to jobber) shall not apply to any transfer giving effect to a transaction carried out on or after the day of The Stock Exchange reforms.

(5) In sections 81, 82 and 84 above and this section—

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(a) "the day of The Stock Exchange reforms" means the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished,

(b) references to a recognised investment exchange are to a recognised investment exchange within the meaning **[**F185given by section 285(1)(a) of the Financial Services and Markets Act 2000**]**,

[F186(c) "recognised clearing house", "recognised CSD", F187... and "third country CSD" have the meanings given by section 285(1)(b), (e)F188... and (g) of the Financial Services and Markets Act 2000**]**,

(d) "stock" includes marketable security.

Textual Amendments

F185 Words in s. 85(5)(b) substituted (with effect as mentioned in art. 8(4) of the amending S.I.) by S.I. 2001/3629, **art. 8(2)**

F186 S. 85(5)(c) substituted (28.11.2017) by The Central Securities Depositories Regulations 2017 (S.I. 2017/1064), reg. 1, **Sch. para. 4(3)** (with regs. 7(4), 9(1))

F187 Words in s. 85(5)(c) omitted (31.12.2020) by virtue of The Investment Exchanges, Clearing Houses and Central Securities Depositories (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/662), regs. 1(3), **21(3)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

F188 Words in s. 85(5)(c) omitted (31.12.2020) by virtue of The Investment Exchanges, Clearing Houses and Central Securities Depositories (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/662), regs. 1(3), **21(3)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

Marginal Citations

M21 1920 c. 18.

M22 1961 c. 36.

M23 1961 c. 10 (N. I.).

M24 1976 c. 40.

[F189Resolution of financial institutions

Textual Amendments

F189 S. 85A and cross-heading inserted (with effect in accordance with s. 49(2) of the amending Act) by Finance Act 2019 (c. 1), **s. 49(1)**

85A Resolution of financial institutions

(1) Stamp duty is not chargeable on the transfer of stock or marketable securities by—

(a) an instrument listed in subsection (2), or

(b) an instrument made under an instrument listed in subsection (2).

(2) The instruments are—

(a) a mandatory reduction instrument made in accordance with section 6B of the Banking Act 2009 (mandatory write-down, conversion etc of capital instruments),

(b) a share transfer instrument or property transfer instrument made in accordance with section 12(2) of that Act (transfer to a bridge bank),

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(c) a property transfer instrument made in accordance with section 12ZA(3) of that Act (transfer to asset management vehicle),

(d) a resolution instrument made in accordance with section 12A of that Act (bail-in),

(e) a share transfer order or share transfer instrument made in accordance with section 13(2) of that Act (share transfer),

(f) a supplemental share transfer instrument made in accordance with section 26 of that Act, where the original instrument was made in accordance with section 12(2) or 13(2) of that Act,

(g) a supplemental share transfer order made in accordance with section 27 of that Act,

(h) a property transfer instrument made in accordance with section 41A(2) of that Act (transfer of property subsequent to resolution instrument),

(i) a supplemental property transfer instrument made in accordance with section 42(2) of that Act where the original instrument was made in accordance with section 12(2), 12ZA(3) or 41A(2) of that Act,

(j) a bridge bank supplemental property transfer instrument made in accordance with section 44D(2) of that Act,

(k) a property transfer order made in accordance with section 45(2) of that Act,

(l) a supplemental resolution instrument made in accordance with section 48U(2) of that Act,

(m) an onward transfer resolution instrument made in accordance with section 48V of that Act in the circumstances set out in subsection (3),

(n) an order under section 85 of that Act (temporary public ownership: building societies), [F190]...

(o) a third-country instrument made in accordance with section 89H(2) or 89I(4) of that Act.

[F191](p) a share transfer instrument or property transfer instrument made in accordance with paragraph 29(3) (bridge central counterparty) of Schedule 11 to the Financial Services and Markets Act 2023 (central counterparties),

(q) a share transfer instrument made in accordance with paragraph 30(2) of that Schedule (transfer of ownership),

(r) a write-down instrument made in accordance with paragraph 34(2) of that Schedule (write-down power),

(s) a supplemental share transfer instrument made in accordance with paragraph 49 of that Schedule (supplemental instruments), where the original instrument was made in accordance with paragraph 29(3) or 30(2) of that Schedule,

(t) a property transfer instrument made in accordance with paragraph 66(2) of that Schedule (transfer of property subsequent to resolution instrument),

(u) a supplemental property transfer instrument made in accordance with paragraph 67(2) of that Schedule (supplemental instruments) where the original instrument was made in accordance with paragraph 29(3) of that Schedule,

(v) a bridge central counterparty supplemental property transfer instrument made in accordance with paragraph 73(2) of that Schedule (bridge central counterparty: supplemental property transfer powers),

(w) a supplemental resolution instrument made in accordance with paragraph 82(2) of that Schedule (supplemental resolution instruments), or

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(x) a third-country instrument made in accordance with paragraph 145(2) (third-country resolution actions) or 146(4) (effects of recognition on third-country resolution action) of that Schedule.**]**

(3) The circumstances referred to in subsection (2)(m) are that the transfer—

(a) is to a person within section 67(6), (7) or (8) or section 70(6), (7) or (8) of this Act (depositary receipt issuers, clearance services), and

(b) is made by way of compensation to a creditor of the financial institution in respect of which the original instrument (within the meaning of section 48V of the Banking Act 2009) was made.

(4) References in this section to a provision of the Banking Act 2009 include references to that provision as applied by or under any other provision of that Act (including where it is applied with modifications or in a substituted form).**]**

Textual Amendments

F190 Word in s. 85A(2)(n) omitted (31.12.2023) by virtue of The Resolution of Central Counterparties (Modified Application of Corporate Law and Consequential Amendments) Regulations 2023 (S.I. 2023/1313), regs. 1(2), **7(2)(a)**

F191 S. 85A(2)(p)-(x) inserted (31.12.2023) by The Resolution of Central Counterparties (Modified Application of Corporate Law and Consequential Amendments) Regulations 2023 (S.I. 2023/1313), regs. 1(2), **7(2)(b)**

PART IV

STAMP DUTY RESERVE TAX

Modifications etc. (not altering text)

C20 Pt. 4: construed as one with 1999 c. 16, Pt. VI (27.7.1999) by Finance Act 1999 (c. 16), **s. 123(1)**

C21 Pt. 4: power to restrict conferred (27.7.1999) by Finance Act 1999 (c. 16), **s. 119** (with s. 123(4))

C22 Pt. 4: power to extend conferred (1.5.1995) by Finance Act 1995 (c. 4), **s. 152(2)(b)(6)**

C23 Pt. 4: 2019 c. 1, s. 48 construed as one with this Part (with effect in accordance with s. 48(12) of the amending Act) by Finance Act 2019 (c. 1), **s. 48(11)**

C24 Pt. 4: 2019 c. 1, s. 48A construed as one with this Part by 2019 c. 1, s. 48A(9) (as inserted (22.7.2020) by Finance Act 2020 (c. 14), **s. 78**)

Introduction

86 The tax: introduction

(1) A tax, to be known as stamp duty reserve tax, shall be charged in accordance with this Part of this Act.

(2) The tax shall be under the care and management of the Board.

(3) Section 1 of the Provisional Collection of Taxes Act 1968 [M25] shall apply to the tax; and accordingly in subsection (1) of that section after the words "petroleum revenue tax" there shall be inserted the words " stamp duty reserve tax ".

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[F192(4) Stamp duty reserve tax shall be chargeable in accordance with the provisions of this Part of this Act—

(a) whether the agreement, transfer, issue or appropriation in question is made or effected in the United Kingdom or elsewhere, and

(b) whether or not any party is resident or situate in any part of the United Kingdom.**]**

Textual Amendments

F192 S. 86(4) added (with effect as mentioned in s. 187(2) of the amending Act) by Finance Act 1996 (c. 8), **s. 187(1)**

Marginal Citations

M25 1968 c. 2.

The principal charge

87 The principal charge

(1) This section applies where a person (A) agrees with another person (B) to transfer chargeable securities (whether or not to B) for consideration in money or money's worth.

(2) There shall be a charge to stamp duty reserve tax under this section on F193. . . the relevant day, F194. . .

(3) In subsection (2) above "the relevant day" means —

(a) in a case where the agreement is conditional, the day on which the condition is satisfied, and

(b) in any other case, the day on which the agreement is made.

(4) F195. . . . . .

(5) F196. . . . . .

(6) Tax under this section shall be charged at the rate of **[**F1970.5 per cent.**]** or part of £100 of the amount or value of the consideration mentioned in subsection (1) above.

(7) For the purposes of subsection (6) above the value of any consideration not consisting of money shall be taken to be the price it might reasonably be expected to fetch on a sale in the open market at the time the agreement mentioned in subsection (1) above is made.

[F198**[**F199(7A) Where—

(a) there would be no charge to tax under this section, or

(b) there would, under section 92 below, be a repayment or cancellation of tax,

in relation to some of the chargeable securities to which the agreement between A and B relates if separate agreements had been made between them for the transfer of those securities and for the transfer of the remainder, this section and sections 88(5) and 92 below shall have effect as if such separate agreements had been made.**]**

(7B) F200. . . . . .**]**

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(8) [F201] . . . . . .

(9) This section applies where the agreement to transfer is made on or after the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.

(10) This section has effect subject to sections 88 to 90 below.

Textual Amendments

F193 Words in s. 87(2) repealed (with effect as mentioned in s. 188(5) of the amending Act) by Finance Act 1996 (c. 8), ss. 188(1), 205, **Sch. 41 Pt. 7**

F194 Words in s. 87(2) repealed (with effect in accordance with s. 188(5) of the amending Act) by Finance Act 1996 (c. 8) s. 188(1), s. 205, {Sch. 41 Pt. 7}

F195 S. 87(4) repealed (with effect as mentioned in s. 192(6) of the amending Act) by Finance Act 1996 (c. 8), ss. 192(1), 205, **Sch. 41 Pt. 7**

F196 S. 87(5) repealed (with effect as mentioned in s. 192(6) of the amending Act) by Finance Act 1996 (c. 8), ss. 192(1), 205, **Sch. 41 Pt. 7**

F197 Words in s. 87(6) substituted (with effect as mentioned in s. 194(7) of the amending Act) by Finance Act 1996 (c. 8), **s. 194(1)**

F198 S. 87(7A)(7B) inserted by Finance Act 1987 (c. 16), ss. 110, 132, **Sch. 19 Pt. VII**

F199 S. 87(7A) substituted (with effect in accordance with s. 106 of the amending Act) by Finance Act 1997 (c. 16) s. 106(9), {s. 106(2)}

F200 S. 87(7B) repealed (with effect as mentioned in s. 106(9) of the amending Act) by Finance Act 1997 (c. 16), ss. 106(3), 113, **Sch. 18 Pt. VII**

F201 S. 87(8) repealed (with effect as mentioned in s. 192(6) of the amending Act) by Finance Act 1996 (c. 8), ss. 192(1), 205, **Sch. 41 Pt. 7**

Modifications etc. (not altering text)

C25 S. 87 excluded (with application as mentioned in s. 100(6) of the amending Act) by Finance Act 1997 (c. 16), **s. 100(1)-(3)**
S. 87 excluded (28.4.1997) by S.I. 1997/1156, **regs. 4(2)(b)**, **8**, **10**

88 [F202Special cases.]

(1) An instrument on which stamp duty is not chargeable by virtue of —

[[F203]**[**[F204](aa) paragraph 24(d) of Schedule 13 to the Finance Act 1999 (renounceable letters of allotment etc.),**]]**

(a) section 127(1) of the Finance Act 1976 [M26](transfer to stock exchange nominee), or

(b) section 84(2) or (3) above,**[**[F205], or

(c) Part I of Schedule 19 to the Finance Act 1999 (transfers etc. of units in unit trusts),**]**

shall be disregarded in construing **[**[F206]section 92(1A) and (1B) below**]**.

[[F207](1A) An instrument on which stamp duty is not chargeable by virtue of section 186 of the Finance Act 1996 (transfers of securities to members of electronic transfer systems etc) shall be disregarded in construing **[**[F206]section 92(1A) and (1B) below**]** unless—

(a) the transfer is made by a stock exchange nominee; and

(b) the maximum stamp duty chargeable on the instrument, apart from section 186 of the Finance Act 1996, would be **[**[F208]£5**]**;

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and in this subsection "stock exchange nominee" means a person designated for the purposes of section 127 of the [M27]Finance Act 1976 as a nominee of The Stock Exchange by an order made by the Secretary of State under subsection (5) of that section.**]**

[[F209](1B) An instrument on which stamp duty is not chargeable by virtue of section 42 of the [M28]Finance Act 1930 or section 11 of the [M29]Finance Act (Northern Ireland) 1954 (transfer between associated bodies corporate) shall be disregarded in construing **[**[F206]section 92(1A) and (1B) below**]** in any case where—

(a) the property mentioned in section 42(2)(a) of the Finance Act 1930 or, as the case may be, section 11(2)(a) of the Finance Act (Northern Ireland) 1954 consists of **[**[F210]or includes**]** chargeable securities of any particular kind acquired in the period of two years ending with the day on which the instrument was executed; and

(b) the body corporate from which the conveyance or transfer there mentioned is effected acquired **[**[F211]any of those chargeable securities**]**—

(i) in a transaction which was given effect by an instrument of transfer on which stamp duty was not chargeable by virtue of section **[**[F212]80A**]** above;

(ii) in pursuance of an agreement to transfer securities as regards which section 87 above did not apply by virtue of section **[**[F213]88A**]** below; [F214]. . .

[[F215](iia) in pursuance of an agreement to transfer securities which was made for the purpose of performing the obligation to transfer chargeable securities described in section 89AA(1)(a) below and as regards which section 87 above did not apply by virtue of section 89AA(2) below; or**]**

(iii) in circumstances with regard to which the charge to stamp duty or stamp duty reserve tax was treated as not arising by virtue of regulations under section 116 or 117 of the [M30]Finance Act 1991.**]**

[[F216](1C) Where—

(a) there is an arrangement falling within subsection (1) of section 80C above (stamp duty relief for transfers in accordance with certain arrangements for B to transfer stock to A or his nominee and for A or his nominee to transfer stock of the same kind and amount back to B or his nominee), and

(b) under the arrangement stock is transferred to A or his nominee by an instrument on which stamp duty is not chargeable by virtue only of section 80C(2) above, but

(c) it becomes apparent that stock of the same kind or amount will not be transferred to B or his nominee by A or his nominee in accordance with the arrangement,

[[F217]then, if section 80D does not apply,**]** the instrument shall be disregarded in construing section 92(1A) and (1B) below.

(1D) Where—

(a) an instrument transferring stock in accordance with an arrangement is stamped under section 80C(5) above, but

(b) the instrument should not have been so stamped because the arrangement fell within section 80C(4)(a) or (b) above, and

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(c) apart from section 80C above stamp duty would have been chargeable on the instrument,

the instrument shall be deemed to be duly stamped under section 80C(5) above, but shall be disregarded in construing section 92(1A) and (1B) below.**]**

(2) F218. . . . . .

(3) F218. . . . . .

[F219**[**F220(4) If chargeable securities cannot (apart from this subsection) be identified for the purposes of subsection (1B) above, securities shall be taken as follows, that is to say, securities of the same kind acquired later in the period of two years there mentioned (and not taken for the purposes of that subsection in relation to an earlier instrument) shall be taken before securities acquired earlier in that period.

(5) If, in the case of an agreement (or of two or more agreements between the same parties) to transfer chargeable securities—

(a) the conditions in section 92(1A) and (1B) below are not satisfied by virtue only of the application of subsection (1B) above in relation to the instrument (or any one or more of the two or more instruments) in question, but

(b) not all of the chargeable securities falling to be regarded for the purposes of that subsection as transferred by the instrument (or by the two or more instruments between them) were acquired as mentioned in paragraphs (a) and (b) of that subsection,

stamp duty reserve tax shall be repaid or cancelled under section 92 below in accordance with subsection (5A) below.

(5A) Any repayment or cancellation of tax falling to be made by virtue of subsection (5) above shall be determined as if (without prejudice to section 87(7A) above) there had, instead of the agreement (or the two or more agreements) in question been—

(a) a separate agreement (or two or more separate agreements) relating to such of the securities as were acquired as mentioned in paragraphs (a) and (b) of subsection (1B) above, and

(b) a single separate agreement relating to such of the securities as do not fall within those paragraphs,

and as if the instrument in question (or the two or more instruments in question between them) had related only to such of the securities as do not fall within those paragraphs.**]**

(6) Where a person enters into an agreement for securities to be transferred to him or his nominee, the securities shall be treated for the purposes of subsections (1B)(a) and (4) above as acquired by that person at the time when he enters into the agreement, unless the agreement is conditional, in which case they shall be taken to be acquired by him when the condition is satisfied.**]**

Textual Amendments

F202 S. 88 sidenote substituted by Finance Act 1997 (c. 16) {s. 106(7)}

F203 S. 88(1)(aa)(ab) inserted (with effect in accordance with s. 188(5) of the amending Act) by Finance Act 1996 (c. 8), **s. 188(2)**

F204 S. 88(1)(aa) substituted for s. 88(1)(aa)(ab)(with effect in accordance with ss. 112(4)(6), 122 of the amending Act) by Finance Act 1999 (c. 16), **Sch. 14 para. 20(2)**

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F205 S. 88(1)(c) and word inserted (with effect in accordance with ss. 122(4) of the amending Act) by Finance Act 1999 (c. 16), **Sch. 19 para. 10**

F206 Words in s. 88(1) substituted (with effect in accordance with s. 192(6) of the amending Act) by Finance Act 1996 (c. 8), **s. 192(2)**

F207 S. 88(1A) inserted (with effect in accordance with s. 189(2) of the amending Act) by Finance Act 1996 (c. 8), **s. 189(1)**

F208 Word in s. 88(1A)(b) substituted (with effect in accordance with ss. 112(4)(6),122 of the amending Act) by Finance Act 1999 (c. 16), **Sch. 14 para. 20(3)**

F209 S. 88(1B) inserted (with effect in accordance with s. 190(3) of the amending Act) by Finance Act 1996 (c. 8), **s. 190(1)**

F210 Words in s. 88(1B)(a) inserted (with effect in accordance with s. 106(10) of the amending Act) by Finance Act 1997 (c. 16 {s. 106(5)(a)}

F211 Words in s. 88(1B)(b) substituted (with effect in accordance with s. 106(10) of the amending Act) by Finance Act 1997 (c. 16 {s. 106(5)(b)}

F212 Word in s. 88(1B)(b)(i) substituted (with application as mentioned in s. 97(5) of the amending Act) by Finance Act 1997 (c. 16 {s. 97(3)}; S.I. 1997/2428, **art. 2(2)**

F213 Word in s. 88(1B)(b)(ii) substituted (with application as mentioned in s. 102(5)(6) of the amending Act) by Finance Act 1997 (c. 16 {s. 102(3)}; S.I. 1997/2428, **art. 2(2)**

F214 Word in s. 88(1B)(b)(ii) repealed (with effect in accordance with s. 106(10) of the amending Act) by Finance Act 1997 (c. 16), ss. 106(5)(c), 113, **Sch. 18 Pt. 7**

F215 S. 88(1B)(b)(iia) substituted (with application as mentioned in s. 106(6)(8) of the amending Act) by Finance Act 1997 (c. 16 {s. 103(3)}; S.I. 1997/2428, **art. 2(2)**

F216 S. 88(1C)(1D) inserted (with effect in accordance with s. 106(7) of the amending Act) by Finance Act 1997 (c. 16 {s. 103(4)}

F217 Words in s. 88(1C) inserted (with effect in accordance with s. 83(2)(3) of the amending Act) by Finance Act 2009 (c. 10), **Sch. 37 para. 3**

F218 S. 88(2)(3) repealed (with effect in accordance with s. 188(5) of the amending Act) by Finance Act 1996 (c. 8), ss. 188(3), 205, **Sch. 41 Pt. 7**

F219 S. 88(4)-(6) added (with effect in accordance with s. 190(3) of the amending Act) by Finance Act 1996 (c. 8), **s. 190(2)**

F220 S. 88(4)-(5A) substituted for s. 88(4)(5) (with effect in accordance with s. 106(10) of the amending Act) by Finance Act 1997 (c. 16 {s. 106(6)}

Modifications etc. (not altering text)

C26 S. 88(5) modified (6.2.2000) by The Stamp Duty and Stamp Duty Reserve Tax (open-ended Investment Companies) Regulations 1997 (S.I. 1997/1156, reg. 4) (as replaced by S.I. 1999/3261, **reg. 5**)

Marginal Citations

M26 1976 c. 40.

M27 1976 c. 40.

M28 1930 c. 28.

M29 1954 c. 23 (N.I.).

M30 1991 c. 31.

[F221 88A Section 87: exceptions for intermediaries.

[F222 (1) Section 87 above shall not apply as regards an agreement to transfer securities of a particular kind to B or B's nominee if—

(a) B is a member of a regulated market on which securities of that kind are regularly traded; and

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(b) B is an intermediary and is recognised as such by the market in accordance with arrangements approved by the Commissioners for Her Majesty's Revenue and Customs ("the Commissioners").

(1A) Section 87 above shall not apply as regards an agreement to transfer securities of a particular kind to B or B's nominee if—

(a) B is a member of a multilateral trading facility, or a recognised foreign exchange, on which securities of that kind are regularly traded;

(b) B is an intermediary and is recognised as such by the facility or exchange in accordance with arrangements approved by the Commissioners; and

(c) the agreement is effected on the facility or exchange.

(1B) Section 87 above shall not apply as regards an agreement to transfer securities of a particular kind to B or B's nominee if—

(a) B is an intermediary who is approved for the purposes of this section by the Commissioners; and

(b) securities of that kind are regularly traded on a regulated market.

(1C) Section 87 above shall not apply as regards an agreement to transfer securities of a particular kind to B or B's nominee if—

(a) B is an intermediary who is approved for the purposes of this section by the Commissioners;

(b) securities of that kind are regularly traded on a multilateral trading facility or a recognised foreign exchange; and

(c) the agreement is effected on the facility or exchange.

(2) Section 87 above shall not apply as regards an agreement to transfer securities of a particular kind to B or B's nominee if—

(a) B is a member of a regulated market, a multilateral trading facility or a recognised foreign options exchange;

(b) options to buy or sell securities of that kind are regularly traded on, and are listed by or quoted on, that market, facility or exchange;

(c) B is an options intermediary and is recognised as such by that market, facility or exchange in accordance with arrangements approved by the Commissioners; and

(d) securities of that kind are regularly traded on a regulated market.

(2A) Section 87 above shall not apply as regards an agreement to transfer securities of a particular kind to B or B's nominee if—

(a) B is a member of a regulated market, a multilateral trading facility or a recognised foreign options exchange;

(b) options to buy or sell securities of that kind are regularly traded on, and are listed by or quoted on, that market, facility or exchange;

(c) B is an options intermediary and is recognised as such by that market, facility or exchange in accordance with arrangements approved by the Commissioners; and

(d) the agreement is effected on a relevant qualifying exchange on which securities of that kind are regularly traded or is effected on a relevant qualifying exchange pursuant to the exercise of a relevant option and options to buy or sell securities of that kind are regularly traded on, and are listed by or quoted on, that exchange;

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and in paragraph (d) "relevant qualifying exchange" means a multilateral trading facility, a recognised foreign options exchange or a recognised foreign exchange.

(2B) Section 87 above shall not apply as regards an agreement to transfer securities of a particular kind to B or B's nominee if—

(a) B is an options intermediary who is approved for the purposes of this section by the Commissioners;

(b) options to buy or sell securities of that kind are regularly traded on, and are listed by or quoted on, a regulated market, a multilateral trading facility or a recognised foreign options exchange; and

(c) securities of that kind are regularly traded on a regulated market.

(2C) Section 87 above shall not apply as regards an agreement to transfer securities of a particular kind to B or B's nominee if—

(a) B is an options intermediary who is approved for the purposes of this section by the Commissioners;

(b) options to buy or sell securities of that kind are regularly traded on, and are listed by or quoted on, a regulated market, a multilateral trading facility or a recognised foreign options exchange; and

(c) the agreement is effected on a relevant qualifying exchange on which securities of that kind are regularly traded or is effected on a relevant qualifying exchange pursuant to the exercise of a relevant option and options to buy or sell securities of that kind are regularly traded on, and are listed by or quoted on, that exchange;

and in paragraph (c) "relevant qualifying exchange" means a multilateral trading facility, a recognised foreign options exchange or a recognised foreign exchange.**]**

(4) For the purposes of this section—

(a) an intermediary is a person who carries on a bona fide business of dealing in chargeable securities and does not carry on an excluded business; and

(b) an options intermediary is a person who carries on a bona fide business of dealing in quoted or listed options to buy or sell chargeable securities and does not carry on an excluded business.

(5) The excluded businesses are the following—

(a) any business which consists wholly or mainly in the making or managing of investments;

(b) any business which consists wholly or mainly in, or is carried on wholly or mainly for the purpose of, providing services to persons who are connected with the person carrying on the business;

(c) any business which consists in insurance business;

(d) any business which consists in managing or acting as trustee in relation to a pension scheme or which is carried on by the manager or trustee of such a scheme in connection with or for the purposes of the scheme;

(e) any business which consists in operating or acting as trustee in relation to a collective investment scheme or is carried on by the operator or trustee of such a scheme in connection with or for the purposes of the scheme.

(6) An agreement is effected on **[**[F223]a facility or**]** an exchange for the purposes of **[**[F224]this section**]** if (and only if)—

(a) it is subject to the rules of **[**[F225]the facility or exchange**]**; and

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(b) it is reported to **[**F225the facility or exchange**]** in accordance with the rules of **[**F225the facility or exchange **].]**

[F226(6A) The Commissioners may approve a person for the purposes of this section only if the person

[F227(a) is authorised under the law of an EEA State **[**F228or Gibraltar**]** to provide any of the investment services or activities listed in Section A 2 or 3 of Annex I to the Directive (execution of orders on behalf of clients and dealing on own account), whether or not the person is authorised under the Directive**][**F229or

(b) has permission under the Financial Services and Markets Act 2000 to carry on any of the investment services or activities in paragraph 2 or 3 of Part 3 of Schedule 2 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.**]]**

Textual Amendments

F221 S. 88A inserted (20.10.1997 with application as mentioned in s. 102(4) of the amending Act) by Finance Act 1997 (c. 16), **s. 102(1)(6)**; S.I. 1997/2428, **art. 2**

F222 S. 88A(1)-(2C) substituted for s. 88A(1)-(3) (with effect in accordance with Sch. 21 para. 3(5) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 3(2)**

F223 Words in s. 88A(6) inserted (with effect in accordance with Sch. 21 para. 3(5) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 3(3)(a)**

F224 Words in s. 88A(6) substituted (with effect in accordance with Sch. 21 para. 3(5) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 3(3)(b)**

F225 Words in s. 88A(6) substituted (with effect in accordance with Sch. 21 para. 3(5) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 3(3)(c)**

F226 S. 88A(6A) inserted (with effect in accordance with Sch. 21 para. 3(5) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 3(4)**

F227 Words in s. 88A(6A) renumbered as s. 88A(6A)(a) (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(5)(a)**; 2020 c. 1, Sch. 5 para. 1(1)

F228 Words in s. 88A(6A)(a) inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(5)(b)**; 2020 c. 1, Sch. 5 para. 1(1)

F229 S. 88A(6A)(b) and word inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(5)(c)**; 2020 c. 1, Sch. 5 para. 1(1)

Modifications etc. (not altering text)

C27 S. 88A extended (12.10.2004) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2004 (S.I. 2004/2421), art. 1, **reg. 2**

C28 S. 88A: power to extend conferred (20.7.2005) by Finance (No. 2) Act 2005 (c. 22), **s. 50(1)-(4)**

C29 S. 88A extended (with modifications) (11.8.2005) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2005 (S.I. 2005/1990), regs. 1, **2-7**

C30 S. 88A extended (16.2.2006) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2006 (S.I. 2006/139), regs. 1, **2(1)**

C31 S. 88A: power to extend (with modifications) conferred (24.7.2002) by Finance Act 2002 (c. 23), **s. 117**

C32 S. 88A extended (26.7.2002) by S.I. 2002/1975, **art. 2**

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[F230 88B Intermediaries: supplementary.

(1) For the purposes of section 88A above the question whether a person is connected with another shall be determined in accordance with the provisions of [F231 section 1122 of the Corporation Tax Act 2010].

F232 (2) In section 88A above and this section—

"collective investment scheme" has the meaning given in section [F233 235 of the Financial Services and Markets Act 2000];

[F234 "the Directive" means Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, as amended from time to time;]

F235 ...

"EEA State" [F236, in relation to any time, means a State which at that time is a member State or any other State which at that time] is a contracting party to the agreement on the European Economic Area signed at Oporto on the 2nd May 1992 as adjusted by the Protocol signed at Brussels on the 17th March 1993 [F237 (as modified or supplemented from time to time)];

[F238 "insurance business" means business which consists of the effecting or carrying out of contracts of insurance and, for the purposes of this definition, "contract of insurance" has the meaning given by Article 3(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;]

[F239 "multilateral trading facility" has the meaning given by section 80B(2);]

"quoted or listed options" means options which are quoted on or listed by [F240 a multilateral trading facility, a regulated market] or a recognised foreign options exchange;

"recognised foreign exchange" and "recognised foreign options exchange" have the meanings given, respectively, by subsections (3) and (4) of section 80B above;

[F239 "regulated market" has the meaning given by section 80B(2);]

[F241 "trustee", in relation to a collective investment scheme, means a trustee or a depositary within the meaning given in section 237(2) of the Financial Services and Markets Act 2000.]

F242 (2A) . . . . . .

(3) In section 88A above "the exercise of a relevant option" means—

(a) the exercise by B of an option to buy securities; or

(b) the exercise of an option binding B to buy securities.

F243 [(3A) The Treasury may by regulations amend section 88A above and this section (as they have effect for the time being) in order to extend the exemption from tax under that section.]

(4) The Treasury may by regulations provide that section 88A above shall not have effect in relation to kinds of agreement specified in the regulations.

(5) The Treasury may by regulations provide that if—

(a) an agreement falls within [F244 any of subsections (1) to (2C)] of section 88A above, and

(b) section 87 above would, apart from section 88A, apply to the agreement,

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section 87 shall apply to the agreement but with the substitution of a rate of tax not exceeding 0.1 per cent. for the rate specified in subsection (6) of that section.

(6) The Treasury may by regulations change the meaning of "intermediary" or "options intermediary" for the purposes of section 88A above by amending subsection (4) or (5) of that section (as it has effect for the time being).

(7) The power to make regulations under subsections **[**[F245](3A)**]** to (6) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.**]**

Textual Amendments

F230 Ss. 88A, 88B inserted (20.10.1997 with application as mentioned in s. 102(4) of the amending Act) by Finance Act 1997 (c. 16), **s. 102(1)(6)**; S.I. 1997/2428, **art. 2**

F231 Words in s. 88B(1) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 199** (with Sch. 2)

F232 Words in s. 88B(2) substituted (1.4.2007 for specified purposes, 1.11.2007 in so far as not already in force) by The Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2007 (S.I. 2007/126), reg. 1(2), **Sch. 6 para. 8(3)**

F233 Words in s. 88B(2) substituted (with effect as mentioned in art. 9(5) of the amending S.I.) by S.I. 2001/3629, arts. 1(2)(a), **9(2)**

F234 Words in s. 88B(2) inserted (with effect in accordance with Sch. 21 para. 4(7) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 4(2)(a)**

F235 Words in s. 88B(2) repealed (with effect in accordance with Sch. 21 para. 4(7) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 4(2)(b), **Sch. 27 Pt. 4(2)**

F236 Words in s. 88B(2) substituted (with effect in accordance with Sch. 21 para. 4(7) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 4(2)(c)**

F237 Words in s. 88B(2) inserted (with effect in accordance with Sch. 21 para. 4(7) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 4(2)(c)**

F238 Words in s. 88B(2) substituted (with effect as mentioned in art. 9(5) of the amending S.I.) by S.I. 2001/3629, arts. 1(2)(a), **9(3)**

F239 Words in s. 88B(2) inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(6)(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)

F240 Words in s. 88B(2) substituted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(6)(a)(i)**; 2020 c. 1, Sch. 5 para. 1(1)

F241 Words in s. 88B(2) substituted (with effect as mentioned in art. 9(5) of the amending S.I.) by S.I. 2001/3629, arts. 1(2)(a), **9(4)**

F242 S. 88B(2A) omitted (31.12.2020) by virtue of The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(6)(b)**; 2020 c. 1, Sch. 5 para. 1(1)

F243 S. 88B(3A) inserted (with effect in accordance with Sch. 21 para. 4(7) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 4(4)**

F244 Words in s. 88B(5) substituted (with effect in accordance with Sch. 21 para. 4(7) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 4(5)**

F245 Word in s. 88B(7) substituted (with effect in accordance with Sch. 21 para. 4(7) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 4(6)**

89 Section 87: exceptions for market makers etc.

F246 . . . . . .

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Textual Amendments

F246 S. 89 repealed (with effect as mentioned in s. 102(4) of the amending Act) by Finance Act 1997 (c. 16), ss. 102(2), 113, **Sch. 18 Pt. VII**

[F247 89A Section 87: exceptions for public issues.

(1) Section 87 above shall not apply as regartds an agreement to transfer securities other than units under a unit trust scheme to B or B's nominee if —

(a) the agreement is part of an arrangement, entered into by B in the ordinary course of B's business as an issuing house, under which B (as principal) is to offer the securities for sale to the public,

(b) the agreement is conditional upon the admission of the securities to the Offical List of The Stock Exchange,

(c) the consideration under the agreement for each security is the same as the price at which B is to offer the security for sale, and

(d) B sells the securities in accordance with the arrangement referred to in paragraph (a) above.

(2) Section 87 above shall not apply as regards an agreement if the securities to which the agreement relates are newly subscribed securities other than units under a unit trust scheme and —

(a) the agreement is made in pursuance of an offer to the public made by A (as principal) under an arrangement entered into in the ordinary course of A's business as an issuing house,

(b) a right of allotment in respect of, or to subscribe for, the securities has been acquired by A under an agreement which is part of the arrangement,

(c) both those agreements are conditional upon the admission of the securities to the Offical List of The Stock Exchange, and

(d) the consideration for each security is the same under both agreements;

and for the purposes of this subsection, "newly subscribed securities" are securities which, in pursuance of the arrangement referred to in paragraph (a) above, are issued wholly for new consideration.

(3) Section 87 above shall not apply as regards an agreement if the securities to which the agreement relates are registered securities other than units under a unit trusty scheme and —

(a) the agreement is made in pursuance of an offer to the public made by A,

(b) the agreement is conditional upon the admission of the securities to the Offical List of The Stock Exchange, and

(c) under the agreement A issues to B or his nominee a renounceable letter of acceptance, or similar instrument, in respect of the securities.

(4) The Treasury may by regulations amend paragraph (b) of subsection (1) above, paragraph (c) of subsection (2) above, and paragraph (b) of subsection (3) above (as they have effect for the time being); and the power to make regulations under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.]

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Textual Amendments

F247 S. 89A inserted by Finance (No. 2) Act 1987 (c. 51), **s. 100(1)**

[F248 89AA Section 87: exception for repurchases and stock lending.

(1) This section applies where a person (P) has entered into an arrangement with another person (Q) under which—

(a) Q is to transfer chargeable securities of a particular kind to P or his nominee, and

(b) chargeable securities of the same kind and amount are to be transferred by P or his nominee to Q or his nominee,

and the conditions set out in subsection [F249(2A) or] (3) below are fulfilled.

(2) Section 87 above shall not apply as regards an agreement to transfer chargeable securities to P or his nominee or Q or his nominee in accordance with the arrangement.

F250(2A) [The conditions in this subsection are—

(a) that P or Q

F251(i) [is authorised under the law of an EEA State [F252or Gibraltar] to provide any of the investment services or activities listed in Section A 2 or 3 of Annex I to the Directive (execution of orders on behalf of clients and dealing on own account) in relation to securities of the kind concerned, whether or not P or Q is authorised under the Directive; F253...][F254or

(ii) has permission under the Financial Services and Markets Act 2000 to carry on any of the investment services or activities in paragraph 2 or 3 of Part 3 of Schedule 2 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;]

(b) that securities of the kind concerned are regularly traded on a regulated market][F255; and

(c) that chargeable securities are transferred to P or his nominee and Q or his nominee in pursuance of the arrangement.]

(3) The conditions [F256in this subsection] are—

(a) that the agreement is effected on [F257a regulated market, a multilateral trading facility] or a recognised foreign exchange;

(b) that securities of the kind concerned are regularly traded on that [F258market, facility or] exchange; and

(c) that chargeable securities are transferred to P or his nominee and Q or his nominee in pursuance of the arrangement.

(4) An arrangement does not fall within subsection (1) above if—

(a) the arrangement is not such as would be entered into by persons dealing with each other at arm's length; or

(b) under the arrangement any of the benefits or risks arising from fluctuations, before the transfer to Q or his nominee takes place, in the market value of the chargeable securities accrues to, or falls on, P.

(5) An agreement is effected on [F259a market, a facility or] an exchange for the purposes of subsection (3) above if (and only if)—

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(a) it is subject to the rules of **[**F260the market, facility or exchange**]**; and

(b) it is reported to **[**F260the market, facility or exchange**]** in accordance with the rules of **[**F260the market, facility or exchange**]**.

(6) In this section—

[F261"the Directive" has the meaning given in section 88B(2) above;**]**

[F261"EEA State" has the meaning given in section 88B(2) above;**]**

F262 ...

[F263"multilateral trading facility" has the meaning given in section 80B(2);**]**

[F263"regulated market" has the meaning given in section 80B(2).**]**

"recognised foreign exchange" has the meaning given in section 80B(3) above.

F264(6A) . . . . . .

(7) The Treasury may by regulations provide that if section 87 would apply as regards an agreement but for subsection (2) above, section 87 shall apply as regards the agreement but with the substitution of a rate of tax not exceeding 0.1 per cent. for the rate specified in subsection (6) of that section.

(8) The Treasury may by regulations amend this section (as it has effect for the time being) in order—

(a) to change the conditions for exemption from tax under this section; or

(b) to provide that this section does not apply in relation to kinds of arrangement specified in the regulations.

(9) The power to make regulations under subsection (7) or (8) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.**]**

Textual Amendments

F248 S. 89AA inserted (20.10.1997 with application as mentioned in s. 103(5) of the amending Act) by Finance Act 1997 (c. 16), **s. 103(1)(8)**; S.I. 1997/2428, **art. 2**

F249 Words in s. 89AA(1) inserted (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 6(2)**

F250 S. 89AA(2A) inserted (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 6(3)**

F251 Words in s. 89AA(2A)(a) renumbered as s. 89AA(2A)(a)(i) (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(7)(a)(i)**; 2020 c. 1, Sch. 5 para. 1(1)

F252 Words in s. 89AA(2A)(a)(i) inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(7)(a)(ii)**; 2020 c. 1, Sch. 5 para. 1(1)

F253 Word in s. 89AA(2A)(a) omitted (with effect in accordance with reg. 1(2) of the amending S.I.) by virtue of The Stamp Duty Reserve Tax (Amendment of section 89AA of the Finance Act 1986) Regulations 2008 (S.I. 2008/3236), regs. 1(1), **2(a)**

F254 S. 89AA(2A)(a)(ii) and word inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(7)(a)(iii)**; 2020 c. 1, Sch. 5 para. 1(1)

F255 S. 89AA(2A)(c) and word inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Stamp Duty Reserve Tax (Amendment of section 89AA of the Finance Act 1986) Regulations 2008 (S.I. 2008/3236), regs. 1(1), **2(b)**

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F256 Words in s. 89AA(3) inserted (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 6(4)(a)**

F257 Words in s. 89AA(3) substituted (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 6(4)(b)**

F258 Words in s. 89AA(3) inserted (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 6(4)(c)**

F259 Words in s. 89AA(5) inserted (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 6(5)(a)**

F260 Words in s. 89AA(5) substituted (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 6(5)(b)**

F261 Words in s. 89AA(6) inserted (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 6(6)(a)**

F262 Words in s. 89AA(6) repealed (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 6(6)(b), **Sch. 27 Pt. 4(2)**

F263 Words in s. 89AA(6) inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(7)(b)**; 2020 c. 1, Sch. 5 para. 1(1)

F264 S. 89AA(6A) omitted (31.12.2020) by virtue of The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, **2(7)(c)**; 2020 c. 1, Sch. 5 para. 1(1)

Modifications etc. (not altering text)

C33 S. 89AA extended (12.10.2004) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2004 (S.I. 2004/2421), art. 1, **reg. 2**

C34 S. 89AA: power to extend conferred (20.7.2005) by Finance (No. 2) Act 2005 (c. 22), **s. 50(1)-(4)**

C35 S. 89AA extended (with modifications) (11.8.2005) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2005 (S.I. 2005/1990), regs. 1, **2-7**

C36 S. 89AA extended (16.2.2006) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2006 (S.I. 2006/139), regs. 1, **2(1)**

C37 S. 89AA: power to extend conferred (24.7.2002) by Finance Act 2002 (c. 23), **s. 117**

C38 S. 89AA extended (26.7.2002) by S.I. 2002/1975, **art. 2**

C39 S. 89AA modified (1.1.1999) by S.I. 1998/3177, **arts. 26(2)**, **28(2)**, **30(2)**

[F265 89AB Section 87: exception for repurchases and stock lending in case of insolvency

(1) This section applies where—

(a) P and Q have entered into an arrangement falling within section 89AA(1),

(b) the only reason that the conditions in subsection (2A) or (3) of that section are not met is that chargeable securities of the same kind and amount as those transferred to P or P's nominee are not transferred to Q or Q's nominee, and

(c) the conditions in subsection (2) below are met.

(2) The conditions in this subsection are that—

(a) P and Q are not connected persons within the meaning of **[**F266 section 1122 of the Corporation Tax Act 2010**]**,

(b) after Q has transferred securities under the arrangement, either P or Q becomes insolvent,

(c) it becomes apparent (whether before or after the insolvency occurs) that, as a result of the insolvency, securities will not be transferred to Q or Q's nominee in accordance with the arrangement.

(3) Section 87 does not apply as regards an agreement to transfer chargeable securities to P or P's nominee, or Q or Q's nominee, in accordance with the arrangement.

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(4) Subsections (5) and (6) apply if—

(a) the party who does not become insolvent ("the solvent party") or the solvent party's nominee acquires replacement securities, and

(b) the replacement securities are acquired before the end of the period of 30 days beginning with the day on which the insolvency occurs ("the insolvency date").

(5) Where collateral is provided under the arrangement (or under arrangements of which that arrangement forms part), section 87 does not apply as regards any agreement to transfer to the solvent party or the solvent party's nominee—

(a) replacement securities acquired using the collateral (whether directly or indirectly), or

(b) where the solvent party uses the whole of the value of the collateral to acquire replacement securities, any further replacement securities.

(6) Where no collateral is provided as mentioned in subsection (5), section 87 does not apply as regards any agreement to transfer replacement securities to the solvent party or the solvent party's nominee.

(7) Subsections (5) and (6) may apply as regards more than one agreement (and where those subsections apply as regards more than one agreement, the agreements may be with different persons).

(8) But those subsections apply only as regards replacement securities up to the amount of securities which will not be transferred as a result of the insolvency.

(9) For the purposes of this section a person becomes insolvent—

(a) if a company voluntary arrangement takes effect under Part 1 of the Insolvency Act 1986,

(b) if an administration application (within the meaning of Schedule B1 to that Act) is made or a receiver or manager, or an administrative receiver, is appointed,

(c) on the commencement of a creditor's voluntary winding up (within the meaning of Part 4 of that Act) or a winding up by the court under Chapter 6 of that Part,

(d) if an individual voluntary arrangement takes effect under Part 8 of that Act,

(e) on the **[**F267making of a bankruptcy application or**]** presentation of a bankruptcy petition (within the meaning of Part 9 of that Act),

(f) if a compromise or arrangement takes effect under Part 26 **[**F268or 26A**]** of the Companies Act 2006,

(g) if a bank insolvency order takes effect under Part 2 of the Banking Act 2009,

(h) if a bank administration order takes effect under Part 3 of that Act, F269...

[F270(ha) if a special administration order takes effect under the Investment Bank Special Administration Regulations 2011, F271...**]**

[F272(hb) if a special administration order takes effect under the Payment and Electronic Money Institution Insolvency Regulations 2021, or**]**

(i) on the occurrence of any corresponding event which has effect under or as a result of the law of Scotland or Northern Ireland or a country or territory outside the United Kingdom.

(10) In this section—

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"collateral" means an amount of money or other property which is payable to, or made available for the benefit of, a party to an arrangement or that party's nominee for the purpose of securing the discharge of the requirement to transfer securities to that party or the nominee;

"replacement securities", in the event of a party to an arrangement becoming insolvent, are chargeable securities of the same kind as the securities which will not be transferred to the other party or that party's nominee as a result of the insolvency.**]**

Textual Amendments

F265 S. 89AB inserted (with effect in accordance with s. 83(2)(3) of the amending Act) by Finance Act 2009 (c. 10), **Sch. 37 para. 5**

F266 Words in s. 89AB(2)(a) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 200** (with Sch. 2)

F267 Words in s. 89AB(9)(e) inserted (6.4.2016) by The Enterprise and Regulatory Reform Act 2013 (Consequential Amendments) (Bankruptcy) and the Small Business, Enterprise and Employment Act 2015 (Consequential Amendments) Regulations 2016 (S.I. 2016/481), reg. 1, **Sch. 1 para. 7(3)**

F268 Words in s. 89AB(9)(f) inserted (26.6.2020) by Corporate Insolvency and Governance Act 2020 (c. 12), s. 49(1), **Sch. 9 para. 4** (with ss. 2(2), 5(2))

F269 Word in s. 89AB(9)(h) omitted (8.2.2011) by virtue of The Investment Bank Special Administration Regulations 2011 (S.I. 2011/245), reg. 1, **Sch. 6 para. 9(3)** (with reg. 27(a))

F270 S. 89AB(9)(ha) inserted (8.2.2011) by The Investment Bank Special Administration Regulations 2011 (S.I. 2011/245), reg. 1, **Sch. 6 para. 9(3)** (with reg. 27(a))

F271 Word in s. 89AB(9)(ha) omitted (8.7.2021) by virtue of The Payment and Electronic Money Institution Insolvency Regulations 2021 (S.I. 2021/716), reg. 2, **Sch. 4 para. 2(3)** (with reg. 5) (as amended (4.1.2024) by S.I. 2023/1399, regs. 1(2), **4**)

F272 S. 89AB(9)(hb) inserted (8.7.2021) by The Payment and Electronic Money Institution Insolvency Regulations 2021 (S.I. 2021/716), reg. 2, **Sch. 4 para. 2(3)** (with reg. 5) (as amended (4.1.2024) by S.I. 2023/1399, regs. 1(2), **4**)

[F273 89B Section 87: exceptions for stock lending and collateral security arrangements.

(1) Where a person (P) has contracted to sell chargeable securities of a particular kind in the ordinary course of his business as a market maker in chargeable securities of that kind and, to enable him to fulfil the contract, he enters into an arrangement under which—

(a) another person (Q) is to transfer chargeable securities to P or his nominee, and

(b) in return, chargeable securities of the same kind and amount are to be transferred (whether or not by P or his nominee) to Q or his nominee,

section 87 above shall not apply as regards an agreement to transfer chargeable securities which is made for the purpose of performing the obligation to transfer chargeable securities described in paragraph (a) or (b) above.

(2) Where the arrangement mentioned in subsection (1) above is also one under which—

(a) an amount of chargeable securities of some other kind is to be transferred by P or his nominee to Q or his nominee by way of security for the performance of the obligation described in paragraph (b) of that subsection, and

(b) on performance of that obligation, the securities mentioned in paragraph (a) above, or chargeable securities of the same kind and amount as those securities, are to be transferred to P or his nominee,

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section 87 above shall also not apply as regards an agreement to transfer chargeable securities which is made for the purpose of performing the obligation to transfer chargeable securities described in paragraph (a) or (b) above.

(3) Where, to enable Q to make the transfer to P or his nominee which is mentioned in paragraph (a) of subsection (1) above, Q enters into an arrangement under which—

(a) another person (R) is to transfer chargeable securities to Q or his nominee, and

(b) in return, chargeable securities of the same kind and amount are to be transferred (whether or not by Q or his nominee) to R or his nominee,

section 87 above shall not apply as regards an agreement to transfer chargeable securities which is made for the purpose of performing the obligation to transfer chargeable securities described in paragraph (a) or (b) above.

(4) Where the arrangement mentioned in subsection (3) above is also one under which—

(a) an amount of chargeable securities of some other kind is to be transferred by Q or his nominee to R or his nominee by way of security for the performance of the obligation described in paragraph (b) of that subsection, and

(b) on performance of that obligation, the securities mentioned in paragraph (a) above, or chargeable securities of the same kind and amount as those securities, are to be transferred to Q or his nominee,

section 87 above shall also not apply as regards an agreement to transfer chargeable securities which is made for the purpose of performing the obligation to transfer chargeable securities described in paragraph (a) or (b) above.

(5) For the purposes of this section a person is a market maker in chargeable securities of a particular kind if he—

(a) holds himself out at all normal times in compliance with the rules of The Stock Exchange as willing to buy and sell chargeable securities of that kind at a price specified by him, and

(b) is recognised as doing so by The Stock Exchange.

(6) The Treasury may by regulations provide that for subsection (5) above (as it has effect for the time being) there shall be substituted a subsection containing a different definition of a market maker for the purposes of this section.

(7) Regulations under subsection (6) above shall apply in relation to any agreement to transfer chargeable securities in pursuance of an arrangement entered into on or after such day after 1st July 1996 as is specified in the regulations.

(8) The power to make regulations under subsection (6) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.**]**

Textual Amendments

F273 S. 89B inserted (with effect as mentioned in s. 191(2) of the amending Act) by Finance Act 1996 (c. 8), **s. 191(1)**

[F274 89C Section 87: UK listing relief

(1) Section 87 does not apply as regards an agreement to transfer chargeable securities in a listed company—

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(a) that was first listed after the beginning of the period of 3 years ending with the relevant day, and

(b) whose shares are admitted to trading on a UK regulated market,

if none of the following exclusions apply.

(2) Exclusion A (listed company mergers) applies if the listing referred to in subsection (1)(a) was connected to arrangements by which—

(a) a listed company took control of another listed company,

(b) a company took control of two or more listed companies, or

(c) two or more listed companies merged all or substantially all of their businesses.

(3) Exclusion B (new holding company) applies if—

(a) the listing referred to in subsection (1)(a) was connected to arrangements by which the company took control of another company, and

(b) immediately before those arrangements, the other company was—

(i) listed other than by reference to depositary interests, and

(ii) controlled by the person or persons who, at the time of the listing referred to in subsection (1)(a), controlled the company.

(4) Exclusion C (change of control) applies if—

(a) during the period beginning with the listing referred to in subsection (1)(a) and ending with the relevant day, there was a change of control in the company, or

(b) the agreement to transfer forms part of arrangements changing control in the company.

(5) In subsection (1)(a), the reference to a company being first listed is a reference to—

(a) in the case of a company falling within subsection (6), the company first making a regulatory announcement to the effect that it has taken control of a company as described in subsection (6)(b), or

(b) in other cases, shares in the company being admitted to the official list at a time when no other shares of the company were included in the official list.

(6) A company falls within this subsection if—

(a) shares in the company were admitted to the official list at a time when the company's assets consisted wholly or mainly of cash or short-dated securities, and

(b) the shares were admitted with a view to the company taking control of an unlisted company before the end of a certain period.

(7) In this section—

(a) a reference to a company being listed is a reference to shares in the company being included in the official list;

(b) a reference to shares being included in the official list is a reference to shares—

(i) being included in the official list in accordance with Part 6 of the Financial Services and Markets Act 2000 ("FSMA") (see section 74 of that Act), or

(ii) not being included only by reason of suspension under that Part;

(c) a reference to shares being admitted to the official list has the same meaning as in that Part;

(d) a reference to shares includes a reference to depositary interests in shares.

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(8) In this section—

"arrangements" includes any preliminary steps taken in connection with arrangements;

"control" has the meaning given in section 1124 of the Corporation Tax Act 2010;

"depositary interest" has the meaning given in regulations made under section 119 of the Finance Act 1999 (power to exempt UK depositary interests in foreign securities);

"regulatory announcement" means an announcement required by, and made in accordance with, Part 6 rules made under section 73A of FSMA;

"relevant day" has the meaning given in section 87(3);

"UK regulated market" has the same meaning as in Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (see Article 2(13A)).**]**

Textual Amendments

F274 S. 89C inserted (with effect in accordance with s. 85(2) of the amending Act) by Finance Act 2026 (c. 11), **s. 85**

90 Section 87: other exceptions

(1) Section 87 above shall not apply as regards an agreement to transfer a unit under a unit trust scheme **[**F275to or from the managers**]** under the scheme.

[F276(1A) Section 87 above shall not apply as regards an agreement to transfer a unit under a unit trust scheme if an instrument executed at the same time as the agreement and giving effect to the agreement would be exempt from stamp duty (if stamp duty were otherwise chargeable) by virtue of—

(a) section 42 of the Finance Act 1930 or section 11 of the Finance Act (Northern Ireland) 1954 (transfers between associated companies), or

(b) regulations under section 87(2) of the Finance Act 1985 (power to exempt instruments from stamp duty of fixed amount)**][**F277, or

(c) section 96 of the Finance Act 1997 (demutualisation of insurance companies).**]**

[F278(1B) Section 87 above shall not apply as regards an agreement to transfer trust property to the unit holder on the surrender to the managers of a unit under a unit trust scheme **[**F279if the unit holder is to receive only such part of each description of asset in the trust property as is proportionate to, or as nearly as practicable proportionate to, the unit holder's share.**]**

[F280For these purposes there is a surrender of a unit where—

(a) a person ("P") authorises or requires the trustees or managers of a unit trust scheme to treat P as no longer interested in a unit under the scheme, or

(b) a unit under the unit trust scheme is transferred to the managers of the scheme,

and the unit is a chargeable security. **]]**

(2) **F281** . . . . . .

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(3) Section 87 above shall not apply as regards an agreement to transfer securities constituted by or transferable by means of —

[F282(a) a non-UK bearer instrument;**]**

F283(b) . . . . . .

[F284(3A) Section 87 above shall not apply as regards an agreement to transfer chargeable securities constituted by or transferable by means of **[**F285a UK bearer instrument**]** unless subsection (3B), (3C) or (3E) below applies to the instrument.

(3B) This subsection applies to any instrument which falls within **[**F286the exemption conferred by paragraph 16 of Schedule 15 to the Finance Act 1999 (renounceable letters of allotment etc.)**]**.

(3C) This subsection applies to an instrument if—

(a) the instrument was issued by a body corporate incorporated in the United Kingdom **[**F287(other than an SE which has its registered office outside the United Kingdom following a transfer in accordance with Article 8 of Council Regulation (EC) 2157/2001 on the Statute for a European Company (Societas Europaea))**]**; **[**F288and**]**

F289(b) . . . . . .

(c) the instrument is not exempt.

(3D) An instrument is exempt for the purposes of subsection (3C) above if—

(a) the chargeable securities in question are, or a depositary receipt for them is, listed on a recognised stock exchange; and

(b) the agreement to transfer those securities is not made in contemplation of, or as part of an arrangement for, a takeover of the body corporate which issued the instrument.

(3E) This subsection applies to an instrument if—

(a) the instrument was issued by a body corporate incorporated in the United Kingdom **[**F290 (other than an SE which has its registered office outside the United Kingdom following a transfer in accordance with Article 8 of Council Regulation (EC) 2157/2001 on the Statute for a European Company (Societas Europaea))**]**;

F291(b) . . . . . .

(c) by virtue of section 79(5) (convertible loan capital) or 79(6) (loan capital carrying special rights) above, stamp duty would be chargeable on an instrument transferring the loan capital to which the instrument relates; and

(d) the instrument is not exempt.

(3F) An instrument is exempt for the purposes of subsection (3E) above if—

(a) the chargeable securities in question are, or a depositary receipt for them is, listed on a recognised stock exchange;

(b) the agreement to transfer those securities is not made in contemplation of, or as part of an arrangement for, a takeover of the body corporate which issued the instrument; and

(c) those securities do not carry any right of the kind described in section 79(5) above (right of conversion into, or acquisition of, shares or other securities) by the exercise of which **[**F292chargeable securities which are not listed**]** on a recognised stock exchange may be obtained.**]**

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(4) Section 87 above shall not apply as regards an agreement which forms part of an arrangement.

[[F293](a)**]** falling within section 93(1) or 96(1) below **[**[F294], or

(b) which would fall within section 93(1) or section 96(1) if the references in section 93 or section 96 (as the case may be) to the transfer of chargeable securities included the issue of chargeable securities.**]**

[[F295](5) Section 87 above shall not apply as regards an agreement to transfer securities which the Board are satisfied are held, when the agreement is made, by a person within subsection (6) below.

(6) A person is within this subsection if his business is exclusively that of holding shares, stock or other marketable securities —

(a) as nominee or agent for a person whose business is or includes the provision of clearance services for the purchase and sale of shares, stock or other marketable securities, and

(b) for the purpose of such part of the business mentioned in paragraph (a) above as consists of the provision of such clearance services (in a case where the business does not consist exclusively of that); and in this subsection, 'marketable securities' shall be construed in accordance with section 122(1) of the Stamp Act 1891 [M31].**]**

[[F296](7) Section 87 above shall not apply as regards an agreement to transfer securities to —

(a) **[**[F297]a charitable company**]**, or

(b) the trustees of **[**[F298]a charitable trust**]**, or

(c) the Trustees of the National Heritage Memorial Fund, or

(d) the Historic Buildings and Monuments Commission for England.**]**[F299]...

[F299](e) . . . . . .

[[F300](7A) Section 87 above does not apply as regards an agreement to transfer any shares in a company which are held by the company (whether in accordance with section **[**[F301]724**]** of the Companies Act **[**[F301]2006**]** (treasury shares) or otherwise).**]**

[[F302](7B) Section 87 above does not apply as regards—

(a) an agreement to transfer chargeable securities—

(i) to a depositary under **[**[F303]a co-ownership**]** contractual scheme, to be held as part of the property subject to the scheme, in exchange for the issue of units in the scheme (and for no other consideration);

[[F304](ii) in relation to a co-ownership contractual umbrella scheme, on transfers between sub-schemes;**]**

(b) an agreement to transfer units in **[**[F305]a co-ownership**]** contractual scheme.

[In subsection (7B) and this subsection—

[F306](7BA) "authorised contractual scheme" has the meaning given in section 237(3) of the Financial Services and Markets Act 2000;

"co-ownership contractual scheme" means—

(a) an authorised contractual scheme, or

(b) a Reserved Investor Fund (Contractual Scheme);

"co-ownership contractual umbrella scheme" means a co-ownership contractual scheme—

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(a) which provides arrangements for separate pooling of the contributions of participants and of the profits or income out of which payments are to be made to them, and

(b) under which the participants are entitled to exchange rights in one pool for rights in another;

"depositary" has the meaning given in section 237(2) of the Financial Services and Markets Act 2000;

"Reserved Investor Fund (Contractual Scheme)" has the meaning given by section 20 of the Finance (No.2) Act 2024;

"sub-scheme", in relation to a co-ownership contractual umbrella scheme, means such of the arrangements as relate to a separate pool;

"units" has the meaning given in section 237(2) of the Financial Services and Markets Act 2000.**]**

F307(7C) . . . . . .

(7D) Subsection (7B) shall not apply where the agreement forms part of arrangements of which the main purpose, or one of the main purposes, is the avoidance of stamp duty or stamp duty reserve tax.**]**

[F308(8) For the purposes of subsections (3D) and (3F) above—

(a) references to a depositary receipt for chargeable securities shall be construed in accordance with section 94(1) below;

[F309(b) references to anything listed on a recognised stock exchange shall be construed in accordance with section 1005 of the Income Tax Act 2007;**]**

(c) there is a takeover of a body corporate if a person, on his own or together with connected persons, loses or acquires control of it.

(9) For the purposes of subsection (8) above—

(a) any question whether a person is connected with another shall be determined in accordance with section 286 of the **M32**Taxation of Chargeable Gains Act 1992;

(b) "control" shall be construed in accordance with **[F310**sections 450 and 451 of the Corporation Tax Act 2010 **].]**

Textual Amendments

F275 Words in s. 90(1) substituted (6.2.2000) by Finance Act 1999 (c. 16), s. 122(4), **Sch. 19 para. 11(2)**

F276 S. 90(1A) inserted (6.2.2000) by Finance Act 1999 (c. 16), s. 122(4), **Sch. 19 para. 11(3)**

F277 S. 90(1A)(c) and word inserted (with application in accordance with s. 97(5) of the amending Act) by Finance Act 2005 (c. 7), **s. 97(2)**

F278 S. 90(1B) inserted (6.2.2000) by Finance Act 1999 (c. 16), s. 122(4), **Sch. 19 para. 11(4)**

F279 Words in s. 90(1B) inserted (with effect in accordance with s. 114(4) of the amending Act) by Finance Act 2014 (c. 26), **s. 114(2)(a)**

F280 Words in s. 90(1B) substituted (with effect in accordance with s. 114(4) of the amending Act) by Finance Act 2014 (c. 26), **s. 114(2)(b)**

F281 S. 90(2) repealed (with effect as mentioned in Sch. 20 Pt. V(5) Note 1 of the amending Act) by Finance Act 1999 (c. 16), s. 139, **Sch. 20 Pt. V(5)**

F282 S. 90(3)(a) substituted (with application as mentioned in s. 113(4) of the amending Act) by Finance Act 1999 (c. 16), s. 113(3), **Sch. 16 para. 6(2)**

F283 S. 90(3)(b) repealed (with application as mentioned in s. 105(4) of the amending Act) by Finance Act 1997 (c. 16), ss. 105(1), 113, **Sch. 18 Pt. VII**

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F284 S. 90(3A)-(3F) inserted (with application as mentioned in s. 105(4) of the amending Act) by Finance Act 1997 (c. 16), **s. 105(2)**

F285 Words in s. 90(3A) substituted (with application as mentioned in s. 113(4) of the amending Act) by Finance Act 1999 (c. 16), s. 113(3), **Sch. 16 para. 6(3)**

F286 Words in s. 90(3B) substituted (with application as mentioned in s. 113(4) of the amending Act) by Finance Act 1999 (c. 16), s. 113(3), **Sch. 16 para. 6(4)**

F287 Words in s. 90(3C)(a) inserted (with effect in accordance with s. 58(4) of the amending Act) by Finance (No. 2) Act 2005 (c. 22), **s. 58(1)**

F288 Word in s. 90(3C)(a) inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 6(2)(a)** (with Sch. 11 para. 28)

F289 S. 90(3C)(b) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 6(2)(b)** (with Sch. 11 para. 28)

F290 Words in s. 90(3E)(a) inserted (with effect in accordance with s. 58(4) of the amending Act) by Finance (No. 2) Act 2005 (c. 22), **s. 58(2)**

F291 S. 90(3E)(b) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 6(3)** (with Sch. 11 para. 28)

F292 Words in s. 90(3F)(c) substituted (with application as mentioned in s. 120(4) of the amending Act) by Finance Act 1999 (c. 16), **ss. 120(2)** (with s. 123(4))

F293 Words in s. 90(4) renumbered as s. 90(4)(a) (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 6(4)(a)**

F294 S. 90(4)(b) and word inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 6(4)(b)**

F295 S. 90(5)(6) substituted for s. 90(5) (retrospectively) by Finance Act 1987 (c. 16), s. 56, **Sch. 7 para. 5**

F296 S. 90(5)(6) added (retrospectively) by Finance Act 1987 (c. 16), s. 56, **Sch. 7 para. 6**

F297 Words in s. 90(7)(a) substituted (with effect in accordance with art. 6 of the commencing S.I.) by Finance Act 2010 (c. 13), **Sch. 6 paras. 11(a)**, 34(2); S.I. 2012/736, art. 6

F298 Words in s. 90(7)(b) substituted (with effect in accordance with art. 6 of the commencing S.I.) by Finance Act 2010 (c. 13), **Sch. 6 paras. 11(b)**, 34(2); S.I. 2012/736, art. 6

F299 S. 90(7)(e) and word omitted (1.4.2012) by virtue of The Public Bodies (Abolition of the National Endowment for Science, Technology and the Arts) Order 2012 (S.I. 2012/964), arts. 1(2), 3(1), **Sch.**

F300 S. 90(7A) inserted (with effect in accordance with s. 195(12) of the amending Act and with effect 1.12.2003) by Finance Act 2003 (c. 14), **Sch. 40 para. 3**; S.I. 2003/3077, art. 2

F301 Word in s. 90(7A) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2009 (S.I. 2009/1890), arts. 1(1), **7(d)**

F302 S. 90(7B)-(7D) inserted (28.6.2013) by The Stamp Duty and Stamp Duty Reserve Tax (Collective Investment Schemes) (Exemptions) Regulations 2013 (S.I. 2013/1401), regs. 1, **3**

F303 Words in s. 90(7B)(a)(i) substituted (19.3.2025) by The Co-ownership Contractual Schemes (Tax) Regulations 2025 (S.I. 2025/200), regs. 1(2), **50(a)(i)** (with reg. 63)

F304 S. 90(7B)(a)(ii) substituted (19.3.2025) by The Co-ownership Contractual Schemes (Tax) Regulations 2025 (S.I. 2025/200), regs. 1(2), **50(a)(ii)** (with reg. 63)

F305 Words in s. 90(7B)(b) substituted (19.3.2025) by The Co-ownership Contractual Schemes (Tax) Regulations 2025 (S.I. 2025/200), regs. 1(2), **50(a)(iii)** (with reg. 63)

F306 S. 90(7BA) inserted (19.3.2025) by The Co-ownership Contractual Schemes (Tax) Regulations 2025 (S.I. 2025/200), regs. 1(2), **50(b)** (with reg. 63)

F307 S. 90(7C) omitted (19.3.2025) by virtue of The Co-ownership Contractual Schemes (Tax) Regulations 2025 (S.I. 2025/200), regs. 1(2), **50(c)** (with reg. 63)

F308 S. 90(8)(9) added (with application as mentioned in s. 105(4) of the amending Act) by Finance Act 1997 (c. 16), **s. 105(3)**

F309 S. 90(8)(b) substituted (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 26 para. 6**

F310 Words in s. 90(9)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 201** (with Sch. 2)

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Modifications etc. (not altering text)
C40 S. 90 modified by S.I. 1997/1156, **reg. 4** (as substituted (6.2.2000) by S.I. 1999/3261, **reg. 5**)

Marginal Citations
M31 1891 c. 39.
M32 1992 c. 12.

91 Liability to tax

(1) Where tax is charged under section 87 above as regards an agreement, B shall be liable for the tax.

(2) [F311] . . . . . .

Textual Amendments
F311 S. 91(2) repealed (retrospectively) by Finance Act 1987 (c. 51), ss. 100(2), 104(4), **Sch. 9 Pt. IV**

92 Repayment or cancellation of tax

(1) If, as regards an agreement to transfer securities to B or his nominee, tax is charged under section 87 above and it is proved to the Board's satisfaction that at a time **[**[F312]on or after the relevant day (as defined in section 87(3))**]** but before the expiry of the period of six years **[**[F313](beginning with that day)**]** the conditions mentioned in **[**[F314]subsections (1A) and (1B) below**]** have been fulfilled, **[**[F315]subsections (2) to (4A) of this section shall apply**]**.

[[F316](1A) The first condition is that an instrument is (or instruments are) executed in pursuance of the agreement and the instrument transfers (or the instruments between them transfer) to B or, as the case may be, to his nominee all the chargeable securities to which the agreement relates.

[[F317](1B) The second condition is that the instrument (or each instrument) transferring the chargeable securities to which the agreement relates—

(a) so far as those securities are stock or marketable securities within the meaning of section 125 of the Finance Act 2003 (abolition of stamp duty except on instruments relating to stock or marketable securities)—

(i) is duly stamped in accordance with the enactments relating to stamp duty, or

(ii) is not chargeable with stamp duty or otherwise required to be stamped under those enactments; or

(b) so far as those securities are not stock or marketable securities within the meaning of that section, is an instrument that, disregarding that section, would not be chargeable with any *ad valorem* stamp duty under those enactments.**]**

[If, as regards an agreement to transfer shares in a company to that company ("the own-[F318](1C) shares agreement")—

(a) tax is charged under section 87 above, and

(b) it is proved to the Board's satisfaction that at a time in the period of six years beginning on the relevant day (as defined in section 87(3)) the conditions mentioned in subsection (1D) have been fulfilled in respect of those shares,

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subsections (2) to (4A) apply.

(1D) The conditions referred to in subsection (1C) are—

(a) that, in relation to the transfer made in pursuance of the own-shares agreement, a return has been made in respect of each of those shares in accordance with section **[**F319707**]** of the Companies Act **[**F3192006**]** (disclosure by company of purchase of own shares), and

(b) that any such return has been duly stamped in accordance with section 66.**]**

(2) If any of the tax charged has been paid, and a claim for repayment is made within the period of six years mentioned in subsection (1) **[**F320or, as the case may be, (1C)**]** above, the tax paid shall be repaid; and where the tax paid is not less than £25 it shall be repaid with interest on it at the **[**F321rate applicable under section 178 of the Finance Act 1989**]** from the time it was paid.

(3) To the extent that the tax charged has not been paid, the charge shall be cancelled by virtue of this subsection.

(4) F322. . . . . .

[F323(4A) Interest paid under subsection (2) above shall not constitute income for any tax purposes.**]**

(5) F324. . . . . .

[F325(6) In this section "the enactments relating to stamp duty" means the Stamp Act 1891 M33 and any enactment which amends or is required to be construed together with that Act.**]**

[F326(7) This section shall have effect in relation to a person to whom the chargeable securities are transferred by way of security for a loan to B as it has effect in relation to a nominee of B.**]]**

Textual Amendments

F312 Words in s. 92(1) substituted (with effect as mentioned in s. 188(5) of the amending Act) by Finance Act 1996 (c. 8), **s. 188(4)(a)**

F313 Words in s. 92(1) substituted (with effect as mentioned in s. 188(5) of the amending Act) by Finance Act 1996 (c. 8), **s. 188(4)(b)**

F314 Words in s. 92(1) substituted (with effect as mentioned in s. 192(6) of the amending Act) by Finance Act 1996 (c. 8), **s. 192(3)(a)**

F315 Words in s. 92(1) substituted (with effect as mentioned in s. 192(6) of the amending Act) by Finance Act 1996 (c. 8), **s. 192(3)(b)**

F316 S. 92(1A)(1B) inserted (with effect as mentioned in s. 192(6) of the amending Act) by Finance Act 1996 (c. 8), **s. 192(4)**

F317 S. 92(1B) substituted (1.12.2003) by The Stamp Duty and Stamp Duty Land Tax (Consequential Amendment of Enactments) Regulations 2003 (S.I. 2003/2868), regs. 1, **4**

F318 S. 92(1C)(1D) inserted (with effect in accordance with s. 195(12) of the amending Act and with effect 1.12.2003) by Finance Act 2003 (c. 14), **Sch. 40 para. 4(2)**; S.I. 2003/3077, art. 2

F319 Word in s. 92(1D)(a) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2009 (S.I. 2009/1890), arts. 1(1), **7(e)**

F320 Words in s. 92(2) inserted (with effect in accordance with s. 195(12) of the amending Act and with effect 1.12.2003) by Finance Act 2003 (c. 14), **Sch. 40 para. 4(3)**; S.I. 2003/3077, art. 2

F321 Words in s. 92(2) substituted (with effect as mentioned in s. 179(4) of the amending Act) by Finance Act 1989 (c. 26), **s. 179(1)(f)**

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F322 S. 92(4) repealed (with effect as mentioned in s. 178(7) of the amending Act) by Finance Act 1989 (c. 26), s. 187(1), **Sch. 17 Pt. X**

F323 S. 92(4A) inserted (retrospectively) by Finance Act 1987 (c. 16), s. 56, **Sch. 7 para. 7**

F324 S. 92(5) repealed (with effect as mentioned in s. 178(7) of the amending Act) by Finance Act 1989 (c. 26), s. 187(1), **Sch. 17 Pt. X**

F325 S. 92(6) added (with effect as mentioned in s. 192(6) of the amending Act) by Finance Act 1996 (c. 8), **s. 192(5)**

F326 S. 92(7) inserted (with effect as mentioned in s. 106(9) of the amending Act) by Finance Act 1997 (c. 16), **s. 106(8)**

Modifications etc. (not altering text)

C41 S. 92: power to amend conferred (with effect as mentioned in s. 178(7) of the amending Act) by Finance Act 1989 (c. 26), **s. 178(1)-(5)**; S.I. 1989/1298, art. 2

Marginal Citations

M33 1891 c. 39.

*Other charges **[**F327: depositary receipts**]***

Textual Amendments

F327 Words in s. 93 cross-heading inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 7(1)** (with Sch. 11 para. 26)

93 Depositary receipts [F328: 1.5% charge]

(1) F329... There shall be a charge to stamp duty reserve tax under this section where in pursuance of an arrangement —

(a) a person falling within subsection (2) below has issued or is to issue a depositary receipt for chargeable securities, and

(b) chargeable securities of the same kind and amount are transferred F330... to **[**F331the person mentioned in paragraph (a) above or**]** a person falling within subsection (3) below, or are appropriated by **[**F332the person mentioned in paragraph (a) above or a person falling within subsection (3) below**]** towards the eventual satisfaction of the entitlement of the receipt's holder to receive chargeable securities.

[F333(1A) The following provisions contain exceptions to the charge to stamp duty reserve tax under this section—

(a) subsection (7) of this section (exception so far as stamp duty is chargeable);

(b) section 95 (general exceptions);

(c) section 95A (replacement securities);

(d) section 97AB (exempt capital-raising transfers);

(e) section 97AC (exempt listing transfers);

(f) section 97AD (exception for transfers of shares held by issuing company);

(g) section 97B (transfers between depositary receipt system and clearance system).**]**

(2) A person falls within this subsection if his business is or includes issuing depositary receipts for chargeable securities.

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(3) A person falls within this subsection if his business is or includes holding chargeable securities as nominee or agent for the person who has issued or is to issue the depositary receipt.

(4) Subject to subsections **[**F334(6) and**]** (7) below, tax under this section shall be charged at the rate of **[**F335 1.5 per cent.**]** of the following—

F336(a) . . . . . .

(b) in a case where the securities are transferred for consideration in money or money's **[**F337worth—

(i) the amount or value of the consideration, or

(ii) where subsection (4A) applies, the amount or value of the consideration or, if higher, the value of the securities;**]**

(c) in any other case, the value of the securities.

[F338(4A) This subsection applies where the transfer of the securities is pursuant to—

(a) the exercise of an option to buy or to sell the securities, and

(b) either—

(i) a term of the option which provides for the securities to be transferred to the person falling within subsection (2) or (3), or

(ii) a direction, given by or on behalf of the person entitled or bound to acquire the securities pursuant to the exercise of the option, for the securities to be so transferred.**]**

F339(5) . . . . . .

(6) In a case where—

(a) securities are issued, or securities sold are transferred, and (in either case) they are to be paid for in instalments,

(b) the person to whom they are issued or transferred holds them and transfers them to another person when the last instalment is paid,

(c) subsection (4)(c) above applies in the case of the transfer to the other person,

(d) before the making of the transfer to the other person an instrument is received by a person falling within **[**F340subsection (2) or (3)**]** above,

(e) the instrument so received evidences all the rights which (by virtue of the terms under which the securities are issued or sold as mentioned in paragraph (a) above) subsist in respect of them at the time of the receipt, and

(f) the transfer to the other person is effected by an instrument containing a statement that paragraphs (a), (b) and (e) above are fulfilled,

subsection (4)(c) above shall have effect as if the reference to the value there mentioned were to an amount (if any) equal to the total of the instalments payable, less those paid before the transfer to the other person is effected.

(7) Where tax is (or would apart from this subsection be) charged under this section in respect of a transfer of securities, and ad valorem stamp duty is chargeable on any instrument effecting the transfer, then —

(a) if the amount of the duty is less than the amount of tax found by virtue of **[**F341subsections (4) and**]** (6) above, the tax charged under this section shall be the amount so found less the amount of the duty;

(b) in any other case, there shall be no charge to tax under this section in respect of the transfer.

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(8) Where tax is charged under the preceding provisions of this section, the person liable for the tax shall (subject to subsection (9) below) be the person who has issued or is to issue the depositary receipt.

(9) Where tax is charged under the preceding provisions of this section in a case where securities are transferred, and at the time of the transfer the person who has issued or is to issue the depositary receipt is not resident in the United Kingdom and has no branch or agency in the United Kingdom, the person liable for the tax shall be the person to whom the securities are transferred.

F342(10) . . . . . .

(11) Subject to subsection (12) below, this section applies where securities are transferred, issued or appropriated after 18th March 1986 (whenever the arrangement was made).

(12) This section does not apply, in the case of securities which are transferred, if the Board are satisfied that they were acquired or appropriated by the transferor on or before 18th March 1986 for or towards the eventual satisfaction of the entitlement of a person to receive securities of the same kind under a depositary receipt (whether issued on or before that date or to be issued after that date).

Textual Amendments

F328 Words in s. 93 heading inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 7(2)(a)** (with Sch. 11 para. 26)

F329 Words in s. 93(1) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 7(2)(b)(i)** (with Sch. 11 para. 26)

F330 Words in s. 93(1)(b) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 7(2)(b)(ii)** (with Sch. 11 para. 26)

F331 Words in s. 93(1)(b) inserted (with effect as mentioned in s. 193(4) of the amending Act) by Finance Act 1996 (c. 8), **s. 193(2)(a)**

F332 Words in s. 93(1)(b) substituted (with effect as mentioned in s. 193(4) of the amending Act) by Finance Act 1996 (c. 8), **s. 193(2)(b)**

F333 S. 93(1A) inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 7(2)(c)** (with Sch. 11 para. 26)

F334 Words in s. 93(4) substituted (with application as mentioned in s. 104(5) of the amending Act) by Finance Act 1997 (c. 16), **s. 104(2)(a)**

F335 Words in s. 93(4) substituted (with effect as mentioned in s. 194(7) of the amending Act) by Finance Act 1996 (c. 8), **s. 194(2)(a)**

F336 S. 93(4)(a) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 7(2)(d)** (with Sch. 11 para. 26)

F337 Words in s. 93(4)(b) substituted (with effect in accordance with s. 139(5) of the amending Act) by Finance Act 2016 (c. 24), **s. 139(2)(a)**

F338 S. 93(4A) inserted (with effect in accordance with s. 139(5) of the amending Act) by Finance Act 2016 (c. 24), **s. 139(2)(b)**

F339 S. 93(5) repealed (with effect as mentioned in s. 104(5) of the amending Act) by Finance Act 1997 (c. 16), ss. 104(1), 113, **Sch. 18 Pt. VII**

F340 Words in s. 93(6)(d) substituted (with effect as mentioned in s. 193(4) of the amending Act) by Finance Act 1996 (c. 8), **s. 193(3)**

F341 Words in s. 93(7)(a) substituted (with application as mentioned in s. 104(5) of the amending Act) by Finance Act 1997 (c. 16), **s. 104(2)(b)**

F342 S. 93(10) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 7(2)(e)** (with Sch. 11 para. 26)

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94 Depositary receipts: supplementary

(1) For the purposes of **[**[F343]sections 93 and 97AC**]** a depositary receipt for chargeable securities is an instrument acknowledging —

(a) that a person holds chargeable securities or evidence of the right to receive them, and

(b) that another person is entitled to rights, whether expressed as units or otherwise, in or in relation to chargeable securities of the same kind, including the right to receive such securities (or evidence of the right to receive them) from the person mentioned in paragraph (a) above,

except that for those purposes a depositary receipt for chargeable securities does not include an instrument acknowledging rights in or in relation to securities if they are issued or sold under terms providing for payment in instalments and for the issue of the instrument as evidence that an instalment has been paid.

(2) The Treasury may by regulations provide that for subsection (1) above (as it has effect for the time being) there shall be substituted a subsection containing a different definition of a depositary receipt for the purposes of section 93 above.

(3) For the purposes of section 93(4)(b) above the value of any consideration not consisting of money shall be taken to be the price it might reasonably be expected to fetch on a sale in the open market at the time the securities are transferred.

(4) For the purposes of **[**[F344]section 93(4)(b)(ii) and (c)**]** above the value of the securities shall be taken to be the price they might reasonably be expected to fetch on a sale in the open market at the time they are transferred or appropriated (as the case may be).

(5) [F345] . . . . . .

(6) [F345] . . . . . .

(7) [F345] . . . . . .

(8) [F346] . . . . . .

(9) The power to make regulations or an order under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

Textual Amendments

F343 Words in s. 94(1) substituted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 8**

F344 Words in s. 94(4) substituted (with effect in accordance with s. 139(5) of the amending Act) by Finance Act 2016 (c. 24), **s. 139(3)**

F345 S. 94(5)-(7) repealed (with effect as mentioned in s. 104(5) of the amending Act) by Finance Act 1997 (c. 16), ss. 104(2)(c), 113, **Sch. 18 Pt. VII**

F346 S. 94(8) repealed (with effect as mentioned in s. 194(7) of the amending Act) by Finance Act 1996 (c. 8), ss. 194(3), 205, **Sch. 41 Pt. VII**

95 Depositary receipts: exceptions

(1) Where securities are transferred —

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(a) to a company which at the time of the transfer falls within subsection (6) of section 67 above [F347]. . . , and

(b) from a company which at that time falls within that subsection [F347]. . . ,

[F348]... there shall be no charge to tax under section 93 above in respect of the transfer.

[[F349](2) There shall be no charge to tax under section 93 above in respect of a transfer[F350]... or appropriation of a UK bearer instrument, except in the case of—

(a) an instrument within the exemption conferred by paragraph 16 of Schedule 15 to the Finance Act 1999 (renounceable letters of allotment etc. where rights are renounceable not later than six months after issue), or

(b) an instrument within the exemption conferred by paragraph 17 of that Schedule (non-sterling instruments) which—

(i) does not raise new capital, and

(ii) is not issued in exchange for an instrument raising new capital.**]**

[[F351](2A) For the purpose of subsection (2)(b)—

(a) an instrument is regarded as raising new capital only if the condition in subsection (2B) is met, and

(b) an instrument is regarded as issued in exchange for an instrument raising new capital only if the conditions in subsection (2C) are met.

(2B) The condition mentioned in subsection (2A)(a) is that the instrument—

(a) is issued in conjunction with—

(i) the issue of relevant securities for which only cash is subscribed, or

(ii) the granting of rights to subscribe for relevant securities which are granted for a cash consideration only and exercisable only by means of a cash subscription; or

(b) is issued to give effect to the exercise of such rights as are mentioned in paragraph (a)(ii).

(2C) The conditions mentioned in subsection (2A)(b) are that—

(a) the instrument is issued in conjunction with the issue of relevant securities by a company in exchange for relevant securities issued by another company, and

(b) immediately before the exchange an instrument relating to those other securities—

(i) was regarded for the purposes of subsection (2)(b) as raising new capital or as issued in exchange for an instrument raising new capital, or

(ii) would have been so regarded if the amendments made to this section by section 117 of the Finance Act 1999 had been in force at the time of its issue,

and accordingly was or would have been within the exception conferred by subsection (2).

(2D) For the purposes of subsections (2B) and (2C) "relevant securities" means chargeable securities which are either—

(a) shares the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the company, or

(b) loan capital within the meaning of section 78 above,

and which, in either case, do not carry any rights (of conversion or otherwise) by the exercise of which chargeable securities other than relevant securities may be obtained.**]**

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F352(3) . . . . . .

F352(4) . . . . . .

F352(5) . . . . . .

[F353(6) Where an arrangement is entered into under which—

(a) a company issues securities to persons in respect of their holdings of securities issued by another company, and

(b) the securities issued by the other company are cancelled,

the issue shall be treated for the purposes of this section as an issue of securities in exchange for securities issued by the other company.**]**

F354(7) . . . . . .

Textual Amendments

F347 Words in s. 95(1) repealed (with effect in as mentioned in s. 134(5) of the amending Act) by Finance Act 2000 (c. 17), ss. 134(3), 156, **Sch. 40 Pt. III**

F348 Words in s. 95(1) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 9(a)**

F349 S. 95(2) substituted (with application as mentioned in s. 113(4) of the amending Act) by Finance Act 1999 (c. 16), s. 113(3), **Sch. 16 para. 7** (with s. 123(4))

F350 Word in s. 95(2) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 9(b)**

F351 S. 95(2A)-(2D) inserted (with application as mentioned in s. 117(7) of the amending Act) by Finance Act 1999 (c. 16), **s. 117(2)** (with s. 123(4))

F352 S. 95(3)-(5) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 9(c)**

F353 S. 95(6) substituted (with application as mentioned in s. 117(7) of the amending Act) by Finance Act 1999 (c. 16), **s. 117(3)** (with s. 123(4))

F354 S. 95(7) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 9(d)**

[F355**95A Depositary receipts: exception for replacement securities.**

(1) There shall be no charge to tax under section 93 above in respect of the transfer F356... or appropriation of chargeable securities ("the new securities") issued by a company in place of existing securities of the same company ("the old securities") if the following conditions are met.

(2) The first condition is that the old securities are held under a depositary receipt scheme.

(3) The second condition is that—

(a) there was a charge to tax under section 93 above in respect of the transfer F357... or appropriation—

(i) of the old securities, or

(ii) of earlier securities in relation to which on a previous application of this section those securities were the new securities,

or there would have been such a charge if that section had been in force; or

(b) there would have been such a charge but for section 95(2) F358... above.

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(4) The third condition is that there is an arrangement under which—

(a) the new securities are transferred [F359]... or appropriated as mentioned in section 93(1)(b), and

(b) the old securities are cancelled.

(5) For the purposes of subsection (2) above the cases in which securities are held under a depositary receipt scheme are those specified (in relation to shares) in section 95(5) above.

(6) The exception provided by this section applies only to the extent that the value of the new securities immediately after their issue does not exceed the value of the old securities immediately before the issue of the new securities.**]**

Textual Amendments

F355 S. 95A inserted (with application as mentioned in s. 118(5) of the amending Act) by Finance Act 1999 (c. 16), **s. 118(1)** (with s. 123(4))

F356 Word in s. 95A(1) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 10(a)** (with Sch. 11 para. 26)

F357 Word in s. 95A(3)(a) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 10(b)(i)** (with Sch. 11 para. 26)

F358 Words in s. 95A(3)(b) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 10(b)(ii)** (with Sch. 11 para. 26)

F359 Word in s. 95A(4)(a) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 10(c)** (with Sch. 11 para. 26)

[F360 Other charges: clearance services]

Textual Amendments

F360 S. 96 cross-heading inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 11(1)** (with Sch. 11 para. 27)

96 Clearance services [F361: 1.5% charge]

(1) [F362]... There shall be a charge to stamp duty reserve tax under this section where —

(a) a person (A) whose business is or includes the provision of clearance services for the purchase and sale of chargeable securities has entered into an arrangement to provide such clearance services for another person, and

(b) in pursuance of the arrangement, chargeable securities are transferred [F363]... to A or to a person whose business is or includes holding chargeable securities as nominee for A.

[[F364](1A) The following provisions contain exceptions to the charge to stamp duty reserve tax under this section—

(a) subsection (5) of this section (exception so far as stamp duty is chargeable);

(b) section 97 (general exceptions);

(c) section 97ZA (exception for replacement securities);

(d) section 97A (election for alternative system of charge);

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(e) section 97AB (exempt capital-raising transfers);

(f) section 97AC (exempt listing transfers);

(g) section 97AD (exception for transfers of shares held by issuing company);

(h) section 97B (transfers between depositary receipt system and clearance system).**]**

(2) Subject to subsections **[**F365(4) and**]** (5) below, tax under this section shall be charged at the rate of **[**F3661.5 per cent.**]** of the following —

F367(a) . . . . . .

(b) in a case where the securities are transferred for consideration in money or money's **[**F368worth—

(i) the amount or value of the consideration, or

(ii) where subsection (2A) applies, the amount or value of the consideration or, if higher, the value of the securities;**]**

(c) in any other case, the value of the securities.

[F369(2A) This subsection applies where the transfer of the securities is pursuant to—

(a) the exercise of an option to buy or to sell the securities, and

(b) either—

(i) a term of the option which provides for the securities to be transferred to A or (as the case may be) to the person whose business is or includes holding chargeable securities as nominee for A, or

(ii) a direction, given by or on behalf of the person entitled or bound to acquire the securities pursuant to the exercise of the option, for the securities to be so transferred.**]**

F370(3) . . . . . .

(4) In a case where —

(a) securities are issued, or securities sold are transferred, and (in either case) they are to be paid for in instalments,

(b) the person to whom they are issued or transferred holds them and transfers them to another person when the last instalment is paid,

(c) subsection (2)(c) above applies in the case of the transfer to the other person,

(d) before the making of the transfer to the other person an instrument is received by A or a person whose business is or includes holding chargeable securities as nominee for A,

(e) the instrument so received evidences all the rights which (by virtue of the terms under which the securities are issued or sold as mentioned in paragraph (a) above) subsist in respect of them at the time of the receipt, and

(f) the transfer to the other person is effected by an instrument containing a statement that paragraphs (a), (b) and (e) above are fulfilled,

subsection (2)(c) above shall have effect as if the reference to the value there mentioned were to an amount (if any) equal to the total of the instalments payable, less those paid before the transfer to the other person is effected.

(5) Where tax is (or would apart from this subsection be) charged under this section in respect of a transfer of securities and ad valorem stamp duty is chargeable on any instrument effecting the transfer, then —

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(a) if the amount of the duty is less than the amount of tax found by virtue of **[**[F371]subsections (2) and**]** (4) above, the tax charged under this section shall be the amount so found less the amount of the duty;

(b) in any other case, there shall be no charge to tax under this section in respect of the transfer.

(6) Where tax is charged under the preceding provisions of this section, the person liable for the tax shall (subject to subsection (7) below) be A.

(7) Where tax is charged under the preceding provisions of this section in a case where securities are transferred to a person other than A, and at the time of the transfer A is not resident in the United Kingdom and has no branch or agency in the United Kingdom, the person liable for the tax shall be the person to whom the securities are transferred.

[F372](8) . . . . . .

(9) For the purposes of subsection (2)(b) above the value of any consideration not consisting of money shall be taken to be the price it might reasonably be expected to fetch on a sale in the open market at the time the securities are transferred.

(10) For the purposes of **[**[F373]subsection (2)(b)(ii) and (c)**]** above the value of securities shall be taken to be the price they might reasonably be expected to fetch on a sale in the open market at the time they are transferred.

[F374](11) . . . . . .

[F375](12) . . . . . .

(13) Subject to subsection (14) below, this section applies where securities are transferred or issued after 18th March 1986 (whenever the arrangement was made).

(14) This section does not apply, in the case of securities which are transferred, if the Board are satisfied —

(a) that on or before 18th March 1986 the transferor (or, where the transferor transfers as agent, the principal) agreed to sell securities of the same kind and amount to the person (other than A) referred to in subsection (1)(a) above, and

(b) that the transfer is effected in pursuance of that agreement.

Textual Amendments

F361 Words in s. 96 heading heading inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 11(2)(a)** (with Sch. 11 para. 27)

F362 Words in s. 96(1) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (. 3), **Sch. 11 para. 11(2)(b)(i)** (with Sch. 11 para. 27)

F363 Words in s. 96(1)(b) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 11(2)(b)(ii)** (with Sch. 11 para. 27)

F364 S. 96(1A) inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 11(2)(c)** (with Sch. 11 para. 27)

F365 Words in s. 96(2) substituted (with application as mentioned in s. 104(5) of the amending Act) by Finance Act 1997 (c. 16), **s. 104(4)(a)**

F366 Words in s. 96(2) substituted (with effect in accordance with s. 194(7) of the amending Act) by Finance Act 1996 (c. 8), **s. 194(4)(a)**

F367 S. 96(2)(a) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 11(2)(d)** (with Sch. 11 para. 27)

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F368 Words in s. 96(2)(b) substituted (with effect in accordance with s. 139(5) of the amending Act) by Finance Act 2016 (c. 24), **s. 139(4)(a)**

F369 S. 96(2A) inserted (with effect in accordance with s. 139(5) of the amending Act) by Finance Act 2016 (c. 24), **s. 139(4)(b)**

F370 S. 96(3) repealed (with application as mentioned in s. 104(5) of the amending Act) by Finance Act 1997 (c. 16), ss. 104(3), 113, **Sch. 18 Pt. VII**

F371 Words in s. 96(5)(a) substituted (with application as mentioned in s. 104(5) of the amending Act) by Finance Act 1997 (c. 16), **s. 104(4)(b)**

F372 S. 96(8) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 11(2)(e)** (with Sch. 11 para. 27)

F373 Words in s. 96(10) substituted (with effect in accordance with s. 139(5) of the amending Act) by Finance Act 2016 (c. 24), **s. 139(4)(c)**

F374 S. 96(11) repealed (with application as mentioned in s. 104(5) of the amending Act) by Finance Act 1997 (c. 16), ss. 104(4)(c), 113, **Sch. 18 Pt. VII**

F375 S. 96(12) repealed (with effect as mentioned in s. 194(7) of the amending Act) by Finance Act 1996 (c. 8), ss. 194(5), 205, **Sch. 41 Pt. VII**

97 Clearance services: exceptions

(1) Where securities are transferred —

(a) to a company which at the time of the transfer falls within subsection (6) of section 70 above [F376]. . . , and

(b) from a company which at that time falls within that subsection [F376]. . . ,

[F377]... there shall be no charge to tax under section 96 above in respect of the transfer

[F378](2) . . . . . .

[[F379](3) There shall be no charge to tax under section 96 above in respect of a transfer [F380]... of a UK bearer instrument, except in the case of—

(a) an instrument within the exemption conferred by paragraph 16 of Schedule 15 to the Finance Act 1999 (renounceable letters of allotment etc. where rights are renounceable not later than six months after issue), or

(b) an instrument within the exemption conferred by paragraph 17 of that Schedule (non-sterling instruments) which—

(i) does not raise new capital, and

(ii) is not issued in exchange for an instrument raising new capital.**]**

(3A) For the purpose of subsection (3)(b)—

(a) an instrument is regarded as raising new capital only if the condition in subsection (3B) is met, and

(b) an instrument is regarded as issued in exchange for an instrument raising new capital only if the conditions in subsection (3C) are met.

(3B) The condition mentioned in subsection (3A)(a) is that the instrument—

(a) is issued in conjunction with—

(i) the issue of relevant securities for which only cash is subscribed, or

(ii) the granting of rights to subscribe for relevant securities which are granted for a cash consideration only and exercisable only by means of a cash subscription; or

(b) is issued to give effect to the exercise of such rights as are mentioned in paragraph (a)(ii).

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(3C) The conditions mentioned in subsection (3A)(b) are that—

(a) the instrument is issued in conjunction with the issue of relevant securities by a company in exchange for relevant securities issued by another company, and

(b) immediately before the exchange an instrument relating to those other securities—

(i) was regarded for the purposes of subsection (3)(b) as raising new capital or as issued in exchange for an instrument raising new capital, or

(ii) would have been so regarded if the amendments made to this section by section 117 of the Finance Act 1999 had been in force at the time of its issue,

and accordingly was or would have been within the exception conferred by subsection (3).

(3D) For the purposes of subsections (3B) and (3C) "relevant securities" means chargeable securities which are either—

(a) shares the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the company, or

(b) loan capital within the meaning of section 78 above,

and which, in either case, do not carry any rights (of conversion or otherwise) by the exercise of which chargeable securities other than relevant securities may be obtained.

F381(4) . . . . . .

F381(5) . . . . . .

F381(6) . . . . . .

[F382(7) Where an arrangement is entered into under which—

(a) a company issues securities to persons in respect of their holdings of securities issued by another company, and

(b) the securities issued by the other company are cancelled,

the issue shall be treated for the purposes of this section as an issue of securities in exchange for securities issued by the other company.**]**

Textual Amendments

F376 Words in s. 97(1) repealed (with effect in as mentioned in s. 134(5) of the amending Act) by Finance Act 2000 (c. 17), **s. 134(3)**, 156, **Sch. 40 Pt. III**

F377 Words in s. 97(1) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 12(2)**

F378 S. 97(2) repealed (with effect as mentioned in s. 196(4) of the amending Act) by Finance Act 1996 (c. 8), s. 205, **Sch. 41 Pt. VII**

F379 S. 95(3) substituted (with application as mentioned in s. 113(4) of the amending Act) by Finance Act 1999 (c. 16), **s. 113(3)**,{Sch. 16 para. 8} (with s. 123(4))

F380 Words in s. 97(3) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 12(3)**

F381 S. 97(4)-(6) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 12(4)**

F382 S. 97(7) substituted (with application as mentioned in s. 117(7) of the amending Act) by Finance Act 1999 (c. 16), **s. 117(4)** (with s. 123(4))

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[F383[F385[97ZA] Clearance services: [F384exception for replacement securities].

(1) There shall be no charge to tax under section 96 above in respect of the transfer F386... of chargeable securities ("the new securities") issued by a company in place of existing securities of the same company ("the old securities") if the following conditions are met.

(2) The first condition is that the old securities are held under a clearance services scheme.

(3) The second condition is that—

(a) there was a charge to tax under section 96 above in respect of the transfer F387...—

(i) of the old securities, or

(ii) of earlier securities in relation to which on a previous application of this section those securities were the new securities,

or there would have been such a charge if that section had been in force; or

(b) there would have been such a charge but for section 97(3) F388... above.

(4) The third condition is that there is an arrangement under which—

(a) the new securities are transferred F389... as mentioned in section 96(1)(b), and

(b) the old securities are cancelled.

(5) For the purposes of subsection (2) above the cases in which securities are held under a clearance services scheme are those specified (in relation to shares) in section 97(6) above.

(6) The exception provided by this section applies only to the extent that the value of the new securities immediately after their issue does not exceed the value of the old securities immediately before the issue of the new securities.**]**

Textual Amendments

F383 S. 97AA inserted (with application as mentioned in s. 118(5) of the amending Act) by Finance Act 1999 (c. 16), **s. 118(3)** (with s. 123(4))

F384 Words in s. 97ZA heading substituted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 13(2)(a)** (with Sch. 11 para. 27)

F385 S. 97AA renumbered as s. 97ZA (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 13(1)** (with Sch. 11 para. 27)

F386 Words in s. 97ZA(1) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 13(2)(b)** (with Sch. 11 para. 27)

F387 Words in s. 97ZA(3)(a) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 13(2)(c)(i)** (with Sch. 11 para. 27)

F388 Words in s. 97ZA(3)(b) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 13(2)(c)(ii)** (with Sch. 11 para. 27)

F389 Words in s. 97ZA(4)(a) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 13(2)(d)** (with Sch. 11 para. 27)

[F390 97A Clearance services: election for alternative system of charge.

(1) A person whose business is or includes the provision of clearance services for the purchase and sale of chargeable securities or relevant securities (an "operator") may, with the approval of the Board, elect that stamp duty and stamp duty reserve tax

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shall be chargeable in accordance with this section in connection with those clearance services.

(2) An election under subsection (1) above—

(a) shall come into force on such date as may be notified to the operator by the Board in giving their approval; and

(b) shall continue in force unless and until it is terminated in accordance with the following provisions of this section.

(3) If and so long as an election under subsection (1) above is in force, stamp duty or stamp duty reserve tax (as the case may require) shall, in connection with the clearance services to which the election relates, be chargeable in relation to—

(a) a transfer [F391]... falling within section 70(1) or 96(1) above,

(b) an agreement falling within section 90(4) above by virtue of section 96(1) above, or

(c) an agreement falling within section 90(5) above,

as it would be chargeable apart from sections 70, 90(4) and (5) and 96 above.

(4) Where stamp duty or stamp duty reserve tax is chargeable by virtue of subsection (3) above in relation to a transfer [F392]... or agreement, sections 70, 90(4) and (5) and 96 above shall not have effect in relation to that transfer [F392]... or agreement.

(5) Nothing in subsection (3) or (4) above affects the application of section 70 or 96 above in relation to a transfer falling within section 70(1) or 96(1) above by the operator or his nominee to, or to a nominee of, another operator in relation to whom no election under subsection (1) above is for the time being in force.

(6) The Board may require the operator, as a condition of the approval of his election under subsection (1) above, to make and maintain such arrangements as they may consider satisfactory—

(a) for the collection of stamp duty reserve tax chargeable in accordance with this section, and

(b) for complying, or securing compliance, with the provisions of this Part and of regulations under section 98 below, so far as relating to such tax.

(7) Where the operator is not resident in the United Kingdom and has no branch or agency in the United Kingdom, the Board may require him, as a condition of the approval of his election under subsection (1) above, to appoint and, so long as the election remains in force, maintain a tax representative.

(8) A person shall not be an operator's tax representative under this section unless that person—

(a) has a business establishment in the United Kingdom, and

(b) is approved by the Board.

(9) A person who is at any time an operator's tax representative under this section—

(a) shall be entitled to act on the operator's behalf for the purposes of stamp duty and stamp duty reserve tax in connection with the clearance services to which the operator's election under subsection (1) above relates,

(b) shall secure (where appropriate by acting on the operator's behalf) the operator's compliance with and discharge of the obligations and liabilities to which the operator is subject, in connection with the clearance services to which the operator's election under subsection (1) above relates, by

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virtue of legislation relating to stamp duty or stamp duty reserve tax (including obligations and liabilities arising before he became the operator's tax representative), and

(c) shall be personally liable in respect of any failure to secure the operator's compliance with or discharge of any such obligation or liability, and in respect of anything done for purposes connected with acting on the operator's behalf,

as if the obligations and liabilities imposed on the operator were imposed jointly and severally on the tax representative and the operator.

(10) An election under subsection (1) above may be terminated—

(a) by not less than thirty days' notice given by the operator to the Board or by the Board to the operator; or

(b) if there is or has been a breach of a condition of the approval of the election imposed by virtue of subsection (6) or (7) above, by a notice—

(i) given by the Board to the operator,

(ii) taking effect on the giving of the notice or at such later time as may be specified in the notice, and

(iii) stating that it is given by reason of the breach of condition.

(11) Where an election under subsection (1) above is terminated, section 96 above shall have effect as if chargeable securities of the same amounts and kinds as are, immediately before the termination, held by the operator or his nominee in connection with the provision of the clearance services, had, immediately after the termination, been transferred to the operator or, as the case may be, to the nominee by a transfer falling within subsection (1) of that section.

(12) In this section "relevant securities" has the same meaning as in section 70 above.

[F393(13) Nothing in section 70(9) or 97(1) above has effect to prevent a charge to stamp duty or stamp duty reserve tax arising—

(a) on a transfer to which subsection (5) above applies, or

(b) on a deemed transfer under subsection (11) above.**]]**

Textual Amendments

F390 S. 97A inserted (1.7.1996) by Finance Act 1996 (c. 8), **s. 196(3)(6)**

F391 Words in s. 97A(3)(a) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 14(2)**

F392 Word in s. 97A(4) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 14(3)**

F393 S. 97A(13) added (with effect in as mentioned in s. 134(5) of the amending Act) by Finance Act 2000 (c. 17), **s. 134(4)**

[F394Depositary receipts and clearance services: further exceptions

Textual Amendments

F394 Ss. 97AB-97AD and cross-heading inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 15**

***Changes to legislation:** Finance Act 1986 is up to date with all changes known to be in force on or before 22 October 2026. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

97AB Exempt capital-raising transfers

(1) There is to be no charge to tax under section 93 or 96 in respect of an exempt capital-raising transfer.

(2) For the purposes of subsection (1), a transfer of chargeable securities is an "exempt capital-raising transfer" if the transfer is in the course of capital-raising arrangements.

(3) In this section, "capital-raising arrangements" means arrangements pursuant to which chargeable securities are issued by a company for the purpose of raising new capital.

(4) A transfer of chargeable securities is not prevented from being an exempt capital-raising transfer by reason only of a delay in transferring the chargeable securities where—

(a) a person ("the transferor") acquires the chargeable securities—

(i) before capital-raising arrangements are entered into, or

(ii) in the course of capital-raising arrangements,

(b) the transferor is subject to a restriction that has the effect of preventing the transfer of the chargeable securities in the course of the capital-raising arrangements, and

(c) the transfer is made as soon as reasonably practicable after the time at which the restriction ceases to have effect.

Textual Amendments

F394 Ss. 97AB-97AD and cross-heading inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 15**

97AC Exempt listing transfers

(1) There is to be no charge to tax under section 93 or 96 in respect of an exempt listing transfer.

(2) For the purposes of subsection (1), a transfer of chargeable securities issued by a company is an "exempt listing transfer" if—

(a) it is a transfer in the course of qualifying listing arrangements, and

(b) those arrangements do not affect the beneficial ownership of the chargeable securities.

(3) In this section, "listing arrangements" means arrangements pursuant to which chargeable securities, or depositary receipts for chargeable securities, are listed on a recognised stock exchange.

(4) For the purposes of this section, listing arrangements are "qualifying" if, immediately before the first transfer of chargeable securities in the course of the listing arrangements, no chargeable securities in the company or depositary receipts for chargeable securities in the company are listed on the recognised stock exchange to which the listing arrangements relate.

(5) A transfer of chargeable securities is not prevented from being an exempt listing transfer by reason only of a delay in transferring the chargeable securities where—

(a) a person ("the transferor") acquires the chargeable securities before qualifying listing arrangements are entered into,

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(b) the transferor is subject to a restriction that has the effect of preventing the transfer of the chargeable securities in the course of the qualifying listing arrangements, and

(c) the transfer is made as soon as reasonably practicable after the time at which the restriction ceases to have effect.

(6) Section 1005 of the Income Tax Act 2007 (meaning of "recognised stock exchange", "listed" etc) applies in relation to this section as it applies in relation to the Income Tax Acts.

Textual Amendments

F394 Ss. 97AB-97AD and cross-heading inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 15**

97AD Exception for transfers of shares held by issuing company

There is to be no charge to tax under section 93 or 96 in respect of a transfer of shares in a company which are held by the company (whether in accordance with section 724 of the Companies Act 2006 (treasury shares) or otherwise).**]**

Textual Amendments

F394 Ss. 97AB-97AD and cross-heading inserted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 15**

[F395 97B Transfer between depositary receipt system and clearance system.

(1) There shall be no charge to tax under section 93 or 96 above where securities are transferred between a depositary receipt system and a clearance system.

F396 (1A) . . . . . .

(2) A transfer between a depositary receipt system and a clearance system means a transfer—

(a) from (or to) a company which at the time of the transfer falls within section 67(6) above, and

(b) to (or from) a company which at that time falls within section 70(6) above.

(3) This section does not apply to a transfer from a clearance system (that is, from such a company as is mentioned in subsection (2)(b) above) if at the time of the transfer an election is in force under section 97A above in relation to the clearance services for the purposes of which the securities are held immediately before the transfer.**]**

Textual Amendments

F395 S. 97B inserted (with effect in as mentioned in s. 134(5)(b) of the amending Act) by Finance Act 2000 (c. 17), **s. 134(2)**

F396 S. 97B(1A) omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 16**

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[F397]97C Transfers to non-EU depositary receipt and clearance services systems

. . . . . .

Textual Amendments

F397 S. 97C omitted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by virtue of Finance Act 2024 (c. 3), **Sch. 11 para. 17**

General

98 Administration etc.

(1) The Treasury may make regulations —

(a) providing that provisions of the Taxes Management Act 1970 [M34] specified in the regulations shall apply in relation to stamp duty reserve tax as they apply in relation to a tax within the meaning of that Act, with such modifications (specified in the regulations) as they think fit;

(b) making with regard to stamp duty reserve tax such further provision as they think fit in relation to administration, assessment, collection and recovery.

[[F398](1A) The power conferred on the Treasury by subsection (1) above includes power to make provision conferring or imposing on the Board functions which involve the exercise of a discretion.**]**

(2) The power to make regulations under subsection (1) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

Textual Amendments

F398 S. 98(1A) inserted (29.4.1996) by Finance Act 1996 (c. 8), **s. 195**

Modifications etc. (not altering text)

C42 S. 98(1) extended (retrospectively) by Finance Act 1999 (c. 16), **ss. 121** (with s. 123(4))

Marginal Citations

M34 1970 c. 9.

99 Interpretation

(1) This section applies for the purposes of this Part of this Act.

[[F399](1A) "Bearer instrument" has the same meaning as in Schedule 15 to the Finance Act 1999.

An instrument is a "UK bearer instrument" or "non-UK bearer instrument" according to whether it is issued by or on behalf of a UK company or a non-UK company within the meaning of that Schedule.**]**

(2) "The Board" means the Commissioners of Inland Revenue.

[[F400](3) Subject to the following provisions of this section, "chargeable securities" means —

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(a) stocks, shares or loan capital,

(b) interests in, or in dividends or other rights arising out of, stocks, shares or loan capital,

(c) rights to allotments of or to subscribe for, or options to acquire, stocks, shares or loan capital, and

(d) units under a unit trust scheme.

(4) "Chargeable securities" does not include securities falling within paragraph (a), (b) or (c) of subsection (3) above which are issued or raised by a body corporate not incorporated in the United Kingdom unless —

(a) they are registered in a register kept in the United Kingdom by or on behalf of the body corporate by which they are issued or raised, or

(b) in the case of shares, they are paired with shares issued by a body corporate incorporated in the United Kingdom, or

(c) in the case of securities falling within paragraph (b) or (c) of subsection (3) above, paragraph (a) or (b) above applies to the stocks, shares or loan capital to which they relate **[**F401, or

(d) they are issued or raised by **[**F402a UK Societas**]** (whether or not in the course of its formation in accordance with Article 2 of Council Regulation (EC) 2157/2001 on the Statute for a European Company (Societas Europaea)) F403....

(4A) "Chargeable securities" does not include securities falling within paragraph (a), (b) or (c) of subsection (3) above if—

(a) they are securities issued or raised by an SE (whether or not in the course of its formation in accordance with Article 2 of Council Regulation (EC) 2157/2001 on the Statute for a European Company (Societas Europaea), F404...

F404(b) . . . . . .**]**

[F405(4B) Chargeable securities" does not include securities falling within paragraph (a), (b) or (c) of subsection (3) which are admitted to trading on a recognised growth market but not listed on that or any other market.

(4C) In subsection (4B), "listed" and "recognised growth market" are to be construed in accordance with section 99A.**]**

[F406(5) "Chargeable securities" does not include securities falling within paragraph (a), (b) or (c) of subsection (3) above if—

(a) in the case of stock or marketable securities within the meaning of section 125 of the Finance Act 2003 (abolition of stamp duty except on instruments relating to stock or marketable securities), they are securities the transfer of which is exempt from all stamp duties;

(b) in any other case, they are securities the transfer of which, disregarding that section, would be exempt from all stamp duties.

(5ZA) "Chargeable securities" does not include securities falling within paragraph (b) or (c) of subsection (3) above if the stocks, shares or loan capital to which the securities relate—

(a) are stock or marketable securities within the meaning of section 125 of the Finance Act 2003 (abolition of stamp duty except on instruments relating to stock or marketable securities) the transfer of which is exempt from all stamp duties, or

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(b) are securities the transfer of which, disregarding that section, would be exempt from all stamp duties.**]**

[F407(5A) "Chargeable securities" does not include a unit under a unit trust scheme if—

(a) all the trustees under the scheme are resident outside the United Kingdom and the unit is not registered in a register kept in the United Kingdom by or on behalf of the trustees under the scheme; or

(b) under the terms of the scheme the trust property can only be invested in exempt investments.

(5B) For the purposes of subsection (5A)(b)—

(a) an investment other than an interest under a collective investment scheme is an exempt investment if, and only if—

(i) it is not an investment on the transfer of which *ad valorem* stamp duty would be chargeable,F408...

[it is not an investment on the acquisition of which stamp duty land F409(ia) tax would be chargeable under Part 4 of the Finance Act 2003, and**]**

(ii) it is not a chargeable security;

(b) an interest under a collective investment scheme is an exempt investment **[**F410, unless subsection (5C) applies to the scheme;**]**

(c) a derivative is an exempt investment if, and only if, it relates wholly to one or more exempt investments; and

(d) funds held for the purposes of the day to day management of the unit trust scheme are not regarded as investments.

F411...**]**

[F412(5C) This subsection applies to a collective investment scheme if more than 20% of the market value of the investments in which the property subject to the scheme is invested is attributable to investments which are not exempt investments for the purposes of subsection (5A)(b).

(5D) In subsections (5B) and (5C) "collective investment scheme" has the same meaning as in Part 17 of the Financial Services and Markets Act 2000.**]**

(6) "Chargeable securities" does not include interests in depositary receipts for stocks or shares.

(6A) For the purposes of subsection (4) above, shares issued by a body corporate which is not incorporated in the United Kingdom ("the foreign company") are paired with shares issued by a body corporate which is so incorporated ("the UK company") where —

(a) the articles of association of the UK company and the equivalent instruments governing the foreign company each provide that no share in the company to which they relate may be transferred otherwise than as part of a unit comprising one share in that company and one share in the other, and

(b) such units have been offered for sale to the public in the United Kingdom and, at the same time, an equal number of such units have been offered for sale to the public at a broadly equivalent price in the country in which the foreign company is incorporated.**]**

(7) A depositary receipt for stocks or shares is an instrument acknowledging —

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(a) that a person holds stocks or shares or evidence of the right to receive them, and

(b) that another person is entitled to rights, whether expressed as units or otherwise, in or in relation to stocks or shares of the same kind, including the right to receive such stocks or shares (or evidence of the right to receive them) from the person mentioned in paragraph (a) above,

except that a depositary receipt for stocks or shares does not include an instrument acknowledging rights in or in relation to stocks or shares if they are issued or sold under terms providing for payment in instalments and for the issue of the instrument as evidence that an instalment has been paid.

(8) The Treasury may by regulations provide that for subsection (7) above (as it has effect for the time being) there shall be substituted a subsection containing a different definition of a depositary receipt; and the power to make regulations under this subsection shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

(9) "Unit" **[**F413(except in subsection (6A) above)**]** and "unit trust scheme" have the same meanings as in Part VII of the Finance Act 1946 M35.

[F414(9A) But "unit trust scheme" does not include arrangements **[**F415to which section 564G of the Income Tax Act 2007**][**F416or section 507 of the Corporation Tax Act 2009**]** (alternative finance investment bonds) **[**F417applies**].]**

(10) In interpreting "chargeable securities" in sections 93, 94 **[**F41895,**][**F419, 96 **[**F420, 97**]** and 97A**]**, **[**F42197ZA**]** above —

[F422(a) paragraph (a) of subsection (4) above and the reference to that paragraph in paragraph (c) of that subsection shall be ignored, and**]**

(b) the effect of **[**F423section 133(3) of the Companies Act 2006 (transactions in shares registered in overseas branch register)**]** shall be ignored for the purposes of subsection (5) above.

[F424(11) In interpreting "chargeable securities" in section 93 or 96 above in a case where —

(a) newly subscribed shares, or

(b) securities falling within paragraph (b) or (c) of subsection (3) above which relate to newly subscribed shares,

are issued in pursuance of an arrangement such as is mentioned in that section (or an arrangement which would be such an arrangement if the securities issued were chargeable securities), paragraph (b) of subsection (4) above and the reference to that paragraph in paragraph (c) of that subsection shall be ignored.

(12) In subsection (11) above, "newly subscribed shares" means shares issued wholly for new consideration in pursuance of an offer for sale to the public.**]**

[F425(13) Where the calculation of any tax in accordance with the provisions of this Part results in an amount which is not a multiple of one penny, the amount so calculated shall be rounded to the nearest penny, taking any½p as nearest to the next whole penny above.**]**

Textual Amendments

F399 S. 99(1A) inserted (with application as mentioned in s. 113(4) of the amending Act) by Finance Act 1999 (c. 16), **s. 113(3)**,{Sch. 16 para. 9} (with s. 123(4))

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F400 S. 99(3)-(6) substituted (with application as mentioned in s. 144(6) of the amending Act) by Finance Act 1988 (c. 39) {s. 144(2)}

F401 S. 99(4)(d) and word and (4A) added (with effect in accordance with s. 57(2) of the amending Act) by Finance (No. 2) Act 2005 (c. 22), **s. 57(1)**

F402 Words in s. 99(4)(d) substituted (31.12.2020) by The Taxes (Amendments) (EU Exit) Regulations 2019 (S.I. 2019/689), regs. 1, **4(2)(a)(i)** (with regs. 39-41, 42); 2020 c. 1, Sch. 5 para. 1(1)

F403 Words in s. 99(4)(d) omitted (31.12.2020) by virtue of The Taxes (Amendments) (EU Exit) Regulations 2019 (S.I. 2019/689), regs. 1, **4(2)(a)(ii)** (with regs. 39-41, 42); 2020 c. 1, Sch. 5 para. 1(1)

F404 S. 99(4A)(b) and word omitted (31.12.2020) by virtue of The Taxes (Amendments) (EU Exit) Regulations 2019 (S.I. 2019/689), regs. 1, **4(2)(b)** (with regs. 39-41, 42); 2020 c. 1, Sch. 5 para. 1(1)

F405 S. 99(4B)(4C) inserted (with effect in accordance with Sch. 24 para. 4 of the amending Act) by Finance Act 2014 (c. 26), **Sch. 24 para. 2**

F406 S. 99(5)(5ZA) substituted for s. 99(5) (1.12.2003) by The Stamp Duty and Stamp Duty Land Tax (Consequential Amendment of Enactments) Regulations 2003 (S.I. 2003/2868), regs. 1, **5(2)**

F407 S. 99(5A)(5B) inserted (6.2.2000) by Finance Act 1999 (c. 16), s. 112(4), **Sch. 19 para. 12(3)**

F408 Word in s. 99(5B)(a)(i) omitted (1.12.2003) by virtue of The Stamp Duty and Stamp Duty Land Tax (Consequential Amendment of Enactments) Regulations 2003 (S.I. 2003/2868), regs. 1, **5(3)**

F409 S. 99(5B)(a)(ia) inserted (1.12.2003) by The Stamp Duty and Stamp Duty Land Tax (Consequential Amendment of Enactments) Regulations 2003 (S.I. 2003/2868), regs. 1, **5(3)**

F410 Words in s. 99(5B)(b) substituted (24.7.2011) by Finance Act 2011 (c. 11), **s. 84(2)(a)**(4)

F411 Words in s. 99(5B) omitted (24.7.2011) by virtue of Finance Act 2011 (c. 11), **s. 84(2)(b)**(4)

F412 S. 99(5C)(5D) inserted (24.7.2011) by Finance Act 2011 (c. 11), **s. 84(3)**(4)

F413 Words in s. 99(9) inserted (with application as mentioned in s. 144(6) of the amending Act) by Finance Act 1988 (c. 39), **s. 144(3)**

F414 S. 99(9A) inserted (with effect in accordance with s. 154(6) of the amending Act) by Finance Act 2008 (c. 9), **s. 154(4)**

F415 Words in s. 99(9A) substituted (with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), **Sch. 8 para. 197(a)** (with Sch. 9 paras. 1-9, 22)

F416 Words in s. 99(9A) inserted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 325** (with Sch. 2 Pts. 1, 2)

F417 Word in s. 99(9A) inserted (with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), **Sch. 8 para. 197(b)** (with Sch. 9 paras. 1-9, 22)

F418 Words in s. 99(10) inserted (with application as mentioned in s. 151(6)) of the amending Act) by Finance Act 1998 (c. 36), **s. 151(5)(a)**

F419 Words in s. 99(10) substituted (1.7.1996) by Finance Act 1996 (c. 8), **s. 196(5)**(6)

F420 Words in s. 99(10) inserted (with application as mentioned in s. 151(6)) of the amending Act) by Finance Act 1998 (c. 36), **s. 151(5)(b)**

F421 Word in s. 99(10) substituted (with effect in accordance with Sch. 11 para. 25 of the amending Act) by Finance Act 2024 (c. 3), **Sch. 11 para. 22**

F422 S. 99(10)(a) substituted (with application in accordance with s. 144(6) of the amending Act) by Finance Act 1988 (c. 39), **s. 144(4)**

F423 Words in s. 99(10)(b) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments) (Taxes and National Insurance) Order 2009 (S.I. 2009/1890), arts. 1(1), **7(f)**

F424 S. 99(11)(12) added (with application as mentioned in s. 144(6) of the amending Act) by Finance Act 1988 (c. 39), **s. 144(5)**

F425 S. 99(13) added (29.4.1996) by Finance Act 1996 (c. 8), **s. 194(6)**

Modifications etc. (not altering text)

C43 S. 99 modified by S.I. 1997/1156, **reg. 4** (as substituted (6.2.2000) by S.I. 1999/3261, **reg. 5**)

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Marginal Citations

M35 1946 c. 64.

[F426 99A Section 99(4B): "listed" and "recognised growth market"

(1) This section applies for the purposes of section 99(4B).

(2) Section 1005(3) to (5) of the Income Tax Act 2007 (meaning of "listed" etc) applies as it applies in relation to the Income Tax Acts.

(3) "Recognised growth market" means a market recognised as a growth market by the Commissioners for Her Majesty's Revenue and Customs.

(4) On an application made by a market, the market is to be recognised by the Commissioners as a growth market if, and only if, the Commissioners are satisfied, on the basis of evidence provided by the market, that the market qualifies for recognition.

(5) A market qualifies for recognition at any time ("the relevant time") if it is a recognised stock exchange **[**F427or a qualifying UK multilateral trading facility**]** which meets one or both of the following conditions—

(a) a majority of the companies whose stock or marketable securities are admitted to trading on the market are companies with market capitalisations of less than **[**F428£450 million**]**;

(b) the Commissioners are satisfied that the admission requirements of the market include provision requiring companies to demonstrate compounded annual growth in gross revenue or employment of at least 20% over the last three periods of account preceding admission ("the pre-admission periods").

(6) In subsection (5)—

"period of account" of a company means a period for which the company draws up accounts;

"recognised stock exchange" has the meaning given by section 1005(1) of the Income Tax Act 2007;

[F429"UK multilateral trading facility" has the meaning given by Article 2.1.14A of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments as it forms part of assimilated law.**]**

[F430(6A) For the purposes of subsection (5) a UK multilateral trading facility is "qualifying" if—

(a) it is operated by an investment firm within the meaning given by article 3(1) of The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544), and

(b) the investment firm has permission under Part 4A of the Financial Services and Markets Act 2000 to carry on the regulated activity (within the meaning of that Act) of operating a multilateral trading facility.**]**

(7) For the purposes of subsection (5)(a) a company's market capitalisation at the relevant time is the average of the closing market capitalisations of the company on the last trading day of each calendar month (or part of a calendar month) in the qualifying period.

(8) "The qualifying period" means whichever is the shorter of—

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(a) the last three calendar years preceding the relevant time, or

(b) the period beginning with the day on which the company is admitted to trading on the market and ending at the end of the last calendar year preceding the relevant time.

(9) For the purposes of subsection (5)(a), a company is to be disregarded if it is admitted to trading on the market in the calendar year in which the relevant time falls.

(10) In the case of a company with a market capitalisation in a currency other than sterling, the closing market capitalisation for the last trading day of any calendar month is to be taken, for the purposes of subsection (7), to be the sterling equivalent of that capitalisation (calculated by reference to the spot rate of exchange for that last trading day).

(11) For the purposes of subsection (5)(b), the percentage of the compounded annual growth in gross revenue over the pre-admission periods is calculated by applying the formula—

$$((EV BV) 1/3 - 1) \times 100$$

where—

"EV" is the company's gross revenue for the last of the pre-admission periods,

"BV" is the company's gross revenue for the period of account immediately preceding the pre-admission periods.

(12) For those purposes, the percentage of the compounded annual growth in employment over the pre-admission periods is calculated by applying the formula—

$$((EV BV) 1/3 - 1) \times 100$$

where—

"EV" is the number of employees of the company at the end of the last of the pre-admission periods,

"BV" is the number of employees of the company at the end of the period of account immediately preceding the pre-admission periods.

(13) The Treasury may by regulations—

(a) make provision for the revocation by the Commissioners of a recognition under this section and about the consequences of a revocation;

(b) amend this section so as to add, remove or alter a condition which must be met in relation to a market for it to be recognised by the Commissioners under this section.

(14) Regulations under this section may contain incidental, supplemental, consequential and transitional provision and savings.

(15) The power to make regulations under this section is exercisable by statutory instrument, and any statutory instrument containing such regulations is subject to annulment in pursuance of a resolution of the House of Commons.

(16) This section is to be construed as one with the Stamp Act 1891.**]**

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Textual Amendments

F426 S. 99A inserted (28.4.2014 for specified purposes, 17.7.2014 in so far as not already in force) by Finance Act 2014 (c. 26), **Sch. 24 paras. 3**, 4(2)(3)

F427 Words in s. 99A(5) inserted (1.1.2024) by Finance Act 2024 (c. 3), **s. 19(2)(a)(5)**

F428 Sum in s. 99A(5)(a) substituted (1.1.2024) by Finance Act 2024 (c. 3), **s. 19(2)(b)(5)**

F429 Words in s. 99A(6) inserted (1.1.2024) by Finance Act 2024 (c. 3), **s. 19(3)(5)**

F430 S. 99A(6A) inserted (1.1.2024) by Finance Act 2024 (c. 3), **s. 19(4)(5)**

PART V

INHERITANCE TAX

Modifications etc. (not altering text)

C44 Pt. 5 modified (with effect in accordance with s. 84(2) of the amending Act) by Finance Act 2004 (c. 12), **Sch. 15 para. 22(2)(b)(i)**

C45 Pt. 5 modified (with effect in accordance with s. 84(2) of the amending Act) by Finance Act 2004 (c. 12), **Sch. 15 para. 21(2)(b)(i)**

100 Capital transfer tax to be known as inheritance tax.

(1) On and after the passing of this Act, the tax charged under the Capital Transfer Tax Act 1984 (in this Part of this Act referred to as "the 1984 Act") shall be known as inheritance tax and, accordingly, on and after that passing,—

(a) the 1984 Act may be cited as the Inheritance Tax Act 1984 ; and

(b) subject to subsection (2) below, any reference to capital transfer tax in the 1984 Act, in any other enactment passed before or in the same Session as this Act or in any document executed, made, served or issued on or before the passing of this Act or at any time thereafter shall have effect as a reference to inheritance tax.

(2) Subsection (1)(b) above does not apply where the reference to capital transfer tax relates to a liability arising before the passing of this Act.

(3) In the following provisions of this Part of this Act, any reference to tax except where it is a reference to a named tax is a reference to inheritance tax and, in so far as it occurs in a provision which relates to a time before the passing of this Act, includes a reference to capital transfer tax.

101 Lifetime transfers potentially exempt etc.

(1) The 1984 Act shall have effect subject to the amendments in Part I of Schedule 19 to this Act, being amendments—

(a) removing liability for tax on certain transfers of value where the transfer occurs at least seven years before the transferor's death;

(b) providing for one Table of rates of tax;

(c) abolishing exemptions for mutual transfers;

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(d) making provision with respect to the amounts of tax to be charged on transfers occurring before the death of the transferor;

(e) making provision with respect to the application of relief under Chapter I (business property) and Chapter II (agricultural property) of Part V of the 1984 Act to such transfers; and

(f) reducing the period during which the values transferred by chargeable transfers are aggregates from ten years to seven;

and amendments making provisions consequential on or incidental to the matters referred to above and to sections 102 and 103 below.

(2) F431

(3) Part I of Schedule 19 to this Act has effect, subject to Part II of that Schedule, with respect to transfers of value made, and other events occcurring, on or after 18th March 1986.

(4) The transitional provisions in Part II of Schedule 19 to this Act shall have effect.

Textual Amendments

F431 S. 101(2) repealed by Finance Act 1989 (c. 26, SIF 63:2),s. 187(1), Sch. 17 Pt. VII

102 Gifts with reservation.

(1) Subject to subsections **[**F432(5), (6) and (7A)**]** below, this section applies where, on or after 28th March 1986, an individual disposes of any property by way of gift and either—

(a) possession and enjoyment of the property is not bona fide assumed by the donee at or before the beginning of the relevant period; or

(b) at any time in the relevant period the property is not enjoyed to the entire exclusion, or virtually to the entire exclusion, of the donor and of any benefit to him by contract or otherwise;

and in this section "the relevant period" means a period ending on the date of the donor's death and beginning seven years before that date or, if it is later, on the date of the gift.

(2) If and so long as—

(a) possession and enjoyment of any property is not bona fide assumed as mentioned in subsection (1)(a) above, or

(b) any property is not enjoyed as mentioned in subsection (1)(b) above,

the property is referred to (in relation to the gift and the donor) as property subject to a reservation.

(3) If, immediately before the death of the donor, there is any property which, in relation to him, is property subject to a reservation then, to the extent that the property would not, apart from this section, form part of the donor's estate immediately before his death, that property shall be treated for the purposes of the 1984 Act as property to which he was beneficially entitled immediately before his death.

(4) If, at a time before the end of the relevant period, any property ceases to be property subject to a reservation, the donor shall be treated for the purposes of the 1984 Act

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as having at that time made a disposition of the property by a disposition which is a potentially exempt transfer.

(5) This section does not apply if or, as the case may be, to the extent that the disposal of the property by way of gift is an exempt transfer by virtue of any of the following provisions of Part II of the 1984 Act,—

(a) section 18 (transfers between spouses **[**F433or civil partners**]**) **[**F434 , except as provided by subsections (5A) and (5B) below**]**;

(b) section 20 (small gifts);

(c) section 22 (gifts in consideration of marriage **[**F435or civil partnership**]**);

(d) section 23 (gifts to charities);

(e) section 24 (gifts to political parties);

[F436(ee) section 24A (gifts to housing associations);**]**

(f) section 25 (gifts for national purposes, etc);

F437(g) . . . . . .

(h) section 27 (maintenance funds for historic buildings); F438...

(i) section 28 (employee trusts)**[**F439; and

(j) section 28A (employee-ownership trusts).**]**

[F440(5A) Subsection (5)(a) above does not prevent this section from applying if or, as the case may be, to the extent that—

(a) the property becomes settled property by virtue of the gift,

(b) by reason of the donor's spouse **[**F441or civil partner**]** ("the relevant beneficiary") becoming beneficially entitled to an interest in possession in the settled property, the disposal is or, as the case may be, is to any extent an exempt transfer by virtue of section 18 of the 1984 Act in consequence of the operation of section 49 of that Act (treatment of interests in possession),

(c) at some time after the disposal, but before the death of the donor, the relevant beneficiary's interest in possession comes to an end, and

(d) on the occasion on which that interest comes to an end, the relevant beneficiary does not become beneficially entitled to the settled property or to another interest in possession in the settled property.

(5B) If or, as the case may be, to the extent that this section applies by virtue of subsection (5A) above, it has effect as if the disposal by way of gift had been made immediately after the relevant beneficiary's interest in possession came to an end.

(5C) For the purposes of subsections (5A) and (5B) above—

(a) section 51(1)(b) of the 1984 Act (disposal of interest in possession treated as coming to end of interest) applies as it applies for the purposes of Chapter 2 of Part 3 of that Act; and

(b) references to any property or to an interest in any property include references to part of any property or interest.**]**

(6) This section does not apply if the disposal of property by way of gift is made under the terms of a policy issued in respect of an insurance made before 18th March 1986 unless the policy is varied on or after that date so as to increase the benefits secured or to extend the term of the insurance; and, for this purpose, any change in the terms of the policy which is made in pursuance of an option or other power conferred by the policy shall be deemed to be a variation of the policy.

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(7) If a policy issued as mentioned in subsection (6) above confers an option or other power under which benefits and premiums may be increased to take account of increases in the retail price index (as defined in section 8(3) of the 1984 Act) or any similar index pecified in the policy, then, to the extent that the right to exercise on or before 1st August 1986, the exercise of that option or power before that date shall be disregarded for the purposes of subsection (6) above.

[[F442](7A) This section does not apply if—

(a) the disposal of property by way of gift took place before 30 October 2024,

(b) the property became settled property by virtue of the disposal and remained settled property at all times after the disposal and before the relevant time,

(c) immediately before 30 October 2024, the property was excluded property for the purposes of the 1984 Act by virtue of section 48(3) or (3A) (as it had effect at that time), and

(d) immediately before the relevant time, the property—

(i) was situated outside the United Kingdom and was not property to which paragraph 2 or 3 of Schedule A1 to the 1984 Act applied (overseas property with value attributable to UK residential property **[**[F443]or UK agricultural property**]**), or

(ii) was a holding in an authorised unit trust or a share in an open-ended investment company (within the meaning, in either case, of the 1984 Act).

(7B) In subsection (7A), "the relevant time" means—

(a) if the property ceases to meet the condition in subsection (2) at any time before the donor's death, that time;

(b) otherwise, the time of the donor's death.

(7C) In subsection (7A)(c), "for the purposes of the 1984 Act" includes for the purposes only of Chapter 3 of Part 3 of that Act (ten-year anniversary charges etc) because of the operation of section 81 of that Act (property moving between settlements).**]**

(8) Schedule 20 to this Act has effect for supplementing this section.

Textual Amendments

F432 Words in s. 102(1) substituted (6.4.2025) by Finance Act 2025 (c. 8), **Sch. 13 paras. 31(2)**, 45(1)

F433 Words in s. 102(5)(a) inserted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), regs. 1(1), **44(2)(a)**

F434 Words in s. 102(5)(a) inserted (with effect in accordance with s. 185(4) of the amending Act) by Finance Act 2003 (c. 14), **s. 185(2)**

F435 Words in s. 102(5)(c) inserted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), regs. 1(1), **44(2)(b)**

F436 Finance Act 1989 (c. 26, SIF 63:1, 2), **s. 171(5)**, with effect from 14 March 1989

F437 S. 102(5)(g) repealed (31.7.1998 with effect as mentioned in Sch. 27 Note 2 of the amending Act) 1998 c. 36, s. 165, **Sch. 27 Pt. IV**

F438 Word in s. 102(5) omitted (with effect in accordance with Sch. 37 para. 17(2) of the amending Act) by virtue of Finance Act 2014 (c. 26), **Sch. 37 para. 17(1)**

F439 S. 102(5)(j) and word inserted (with effect in accordance with Sch. 37 para. 17(2) of the amending Act) by Finance Act 2014 (c. 26), **Sch. 37 para. 17(1)**

F440 S. 102(5A)-(5C) inserted (with effect in accordance with s. 185(4) of the amending Act) by Finance Act 2003 (c. 14), **s. 185(3)**

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F441 Words in s. 102(5A)(b) inserted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), regs. 1(1), **44(3)**

F442 S. 102(7A)-(7C) inserted (6.4.2025) by Finance Act 2025 (c. 8), **Sch. 13 paras. 31(3)**, 45(1)

F443 Words in s. 102(7A)(d)(i) inserted (with effect in accordance with Sch. 12 para. 20 of the amending Act) by Finance Act 2026 (c. 11), **Sch. 12 paras. 19(6)**, 20

Modifications etc. (not altering text)

C46 S. 102(3)(4) applied (with effect in accordance with s. 84(2) of the amending Act) by Finance Act 2004 (c. 12), **Sch. 15 para. 21(2)(b)(ii)**

C47 S. 102(3)(4) applied (with effect in accordance with s. 84(2) of the amending Act) by Finance Act 2004 (c. 12), **Sch. 15 para. 22(2)(b)(ii)**

[F444 102ZA Gifts with reservation: termination of interests in possession

(1) Subsection (2) below applies where—

(a) an individual is beneficially entitled to an interest in possession in settled property,

(b) either—

(i) the individual became beneficially entitled to the interest in possession before 22nd March 2006, or

(ii) the individual became beneficially entitled to the interest in possession on or after 22nd March 2006 and the interest is an immediate post-death interest, a disabled person's interest or a transitional serial interest **[**F445 or falls within section 5(1B) of the 1984 Act**]**, and

(c) the interest in possession comes to an end during the individual's life.

(2) For the purposes of—

(a) section 102 above, and

(b) Schedule 20 to this Act,

the individual shall be taken (if, or so far as, he would not otherwise be) to dispose, on the coming to an end of the interest in possession, of the no-longer-possessed property by way of gift.

(3) In subsection (2) above "the no-longer-possessed property" means the property in which the interest in possession subsisted immediately before it came to an end, other than any of it to which the individual becomes absolutely and beneficially entitled in possession on the coming to an end of the interest in possession.**]**

Textual Amendments

F444 S. 102ZA inserted (retrospective to 22.3.2006) by Finance Act 2006 (c. 25), **Sch. 20 para. 33(2)**(4) (with Sch. 20 para. 33(4))

F445 Words in s. 102ZA(1)(b)(ii) inserted (with effect in accordance with s. 53(10) of the amending Act) by Finance Act 2010 (c. 13), **s. 53(8)**

[F446 102A Gifts with reservation: interest in land.

(1) This section applies where an individual disposes of an interest in land by way of gift on or after 9th March 1999.

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(2) At any time in the relevant period when the donor or his spouse **[**[F447]or civil partner**]** enjoys a significant right or interest, or is party to a significant arrangement, in relation to the land—

(a) the interest disposed of is referred to (in relation to the gift and the donor) as property subject to a reservation; and

(b) section 102(3) and (4) above shall apply.

(3) Subject to subsections (4) and (5) below, a right, interest or arrangement in relation to land is significant for the purposes of subsection (2) above if (and only if) it entitles or enables the donor to occupy all or part of the land, or to enjoy some right in relation to all or part of the land, otherwise than for full consideration in money or money's worth.

(4) A right, interest or arrangement is not significant for the purposes of subsection (2) above if—

(a) it does not and cannot prevent the enjoyment of the land to the entire exclusion, or virtually to the entire exclusion, of the donor; or

(b) it does not entitle or enable the donor to occupy all or part of the land immediately after the disposal, but would do so were it not for the interest disposed of.

(5) A right or interest is not significant for the purposes of subsection (2) above if it was granted or acquired before the period of seven years ending with the date of the gift.

(6) Where an individual disposes of more than one interest in land by way of gift, whether or not at the same time or to the same donee, this section shall apply separately in relation to each interest.**]**

Textual Amendments

F446 Ss. 102A, 102B, 102C inserted (27.7.1999) by 1999 c. 16, **s. 104**

F447 Words in s. 102A(2) inserted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), regs. 1(1), **45**

[F448]102B Gifts with reservation: share of interest in land.

(1) This section applies where an individual disposes, by way of gift on or after 9th March 1999, of an undivided share of an interest in land.

(2) At any time in the relevant period, except when subsection (3) or (4) below applies—

(a) the share disposed of is referred to (in relation to the gift and the donor) as property subject to a reservation; and

(b) section 102(3) and (4) above shall apply.

(3) This subsection applies when the donor—

(a) does not occupy the land; or

(b) occupies the land to the exclusion of the donee for full consideration in money or money's worth.

(4) This subsection applies when—

(a) the donor and the donee occupy the land; and

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(b) the donor does not receive any benefit, other than a negligible one, which is provided by or at the expense of the donee for some reason connected with the gift.

Textual Amendments

F448 Ss. 102A, 102B, 102C inserted (27.7.1999) by 1999 c. 16, **s. 104**

F449 102C Sections 102A and 102B: supplemental.

(1) In sections 102A and 102B above "the relevant period" has the same meaning as in section 102 above.

(2) An interest or share disposed of is not property subject to a reservation under section 102A(2) or 102B(2) above if or, as the case may be, to the extent that the disposal is an exempt transfer by virtue of any of the provisions listed in section 102(5) above.

(3) In applying sections 102A and 102B above no account shall be taken of—

(a) occupation of land by a donor, or

(b) an arrangement which enables land to be occupied by a donor,

in circumstances where the occupation, or occupation pursuant to the arrangement, would be disregarded in accordance with paragraph 6(1)(b) of Schedule 20 to this Act.

(4) The provisions of Schedule 20 to this Act, apart from paragraph 6, shall have effect for the purposes of sections 102A and 102B above as they have effect for the purposes of section 102 above; and any question which falls to be answered under section 102A or 102B above in relation to an interest in land shall be determined by reference to the interest which is at that time treated as property comprised in the gift.

(5) Where property other than an interest in land is treated by virtue of paragraph 2 of that Schedule as property comprised in a gift, the provisions of section 102 above shall apply to determine whether or not that property is property subject to a reservation.

(6) Sections 102 and 102A above shall not apply to a case to which section 102B above applies.

(7) Section 102A above shall not apply to a case to which section 102 above applies.

Textual Amendments

F449 Ss. 102A, 102B, 102C inserted (27.7.1999) by 1999 c. 16, **s. 104**

103 Treatment of certain debts and incumbrances.

(1) Subject to subsection (2) below, if, in determining the value of a person's estate immediately before his death, account would be taken, apart from this subsection, of a liability consisting of a debt incurred by him or an incumbrance created by a disposition made by him, that liability shall be subject to abatement to an extent proportionate to the value of any of the consideration given for the debt or incumbrance which consisted of—

(a) property derived from the deceased; or

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(b) consideration (not being property derived from the deceased)given by any person who was at the time entitled to, or amongst whose resources there were at any time included, any property derived from the deceased.

(2) If, in the case where the whole or part of the consideration given for a debt or incumbrance consisted of such consideration as is mentioned in subsection (1)(b) above, it is shown that the value of the consideration given, or of that part thereof, as the case may be, exceeded that which could have been rendered available by application of all the property derived from the deceased, other than such (if any) of that property—

(a) as is included in the consideration given, or

(b) as to which it is shown that the disposition of which it, or the property which it represented, was the subject matter was not made with reference to, or with a view to enabling or facilitating, the giving of the consideration or the recoupment in any manner of the cost thereof, no abatement shall be made under subsection (1) above in respect of the excess.

(3) In subsections (1) and (2) above "property derived from the deceased" means, subject to subsection (4) below, any property which was the subject matter of a disposition made by the deceased, either by himself alone or in concert or by arrangement with any other person or which represented any of the subject matter of such a disposition, whether directly or indirectly, and whether by virtue of on or more intermediate dispositions.

(4) If the disposition first-mentioned in subsection (3) above was not a transfer of value and it is shown that the disposition was not part of associated operations which included—

(a) a disposition by the deceased, either alone or in concert or by arrangement with any other person, otherwise than for full consideration in money or money's worth paid to the deceased for his own use or benefit; or

(b) a disposition by any other person operating to reduce the value of the property of the deceased,

that first-mentioned disposition shall be left out of account for the purposes of subsections (1) to (3) above.

(5) If, before a person's death but on or after 18th March 1986, money or money's worth is paid or applied by him—

(a) in or towards the satisfaction or discharge of a debt or incumbrance in the case of which subsection (1) above would have effect on his death if the debt or incumbrance had not been satisfied or discharged, or

(b) in reduction of debt or incumbrance in the case of which that subsection has effect on his death,

the 1984 Act shall have effect as if, at the time of the payment or application, the person concerned had made a transfer of value equal to the money or money's worth and that transfer were a potentially exempt transfer.

(6) Any reference in this section to a debt is a reference to a debt incurred on or after 18th March 1986 and any reference to an incumbrance created by a disposition is a reference to an incumbrance created by an disposition made on or after that date; and in this section "subject matter" includes, in relation to any disposition, any annual or periodical payment made or payable under or by virtue of the disposition

(7) In determining the value of a person's estate immediately before his death, no account shall be taken (by virtue of section 5 of the 1984 Act) of any liability arising under or

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in connection with a policy of life insurance issued in respect of an insurance made on or after 1st July 1986 unless the whole of the sums assured under that policy form part of that person's estate immediately before his death.

104 Regulations for avoiding double charges etc.

(1) For the purposes of the 1984 Act the Board may by regulations make such provision as is mentioned in subsection (2) below with respect to transfers of value made, and other events occurring, on or after 18th March 1986 where—

(a) a potentially exempt transfer proves to be a chargeable transfer and, immediately before the death of the transferor, his estate includes property acquired by him from the transferee otherwise than for full consideration in money or money's worth;

(b) an individual disposes of property by a transfer of value which is or proves to be a chargeable transfer and the circumstances are such that subsection (3) or subsection (4) of section 102 above applies to the property as being or having been property subject to a reservation;

(c) in determining the value of a person's estate immediately before his death, a liability of his to any person is abated as mentioned in section 103 above and, before his death, the deceased made a transfer of value by virtue of which the estate of that other person was increased or by virtue of which property becomes comprised in a settlement of which that other person is a trustee; or

(d) the circumstances are such as may be specified in the regulations for the purposes of this subsection, being circumstances appearing to the Board to be similar to those referred to in paragraphs (a) to (c) above.

(2) The provision which may be made by regulations under this section is provision for either or both of the following,—

(a) treating the value transferred by a transfer of value as reduced by reference to the value transferred by another transfer of value ; and

(b) treating the whole or any part of the tax paid or payable on the value transferred by a transfer of value as a credit against the tax payable on the value transferred by another transfer of value.

(3) The power to make regulations under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the Commons House of Parliament.

105 Application of business and agricultural relief where transfer partly exempt.

With respect to transfers of value made on or after 18th March 1986, after section 39 of the 1984 Act there shall be inserted the following section—

"**39A Operation of sections 38 and 39 in cases of business or agricultural relief.**

(1) Where any part of the value transferred by a transfer of value is attributable to—

(a) the value of the relavant business property, or

(b) the agricultural value of agricultural property,

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then, for the purpose of attributing the value transferred (as reduced in accordance with section 104 or 116 below), to specific gifts and gifts of residue, sections 38 and 39 above shall have effect subject to the following provisions of this section.

(2) The value of any specific gifts of relevant business property or agricultural property shall be taken to be their value as reduced in accordance with section 104 or 116 below.

(3) The value of any specific gifts not falling within subsection (2) above shall be taken to be the appropriate fraction of their value.

(4) In subsection (3) above "the appropriate fraction" means a fraction of which—

(a) the numerator is the difference between the value transferred and the value, reduced as mentioned in subsection (2) above, of any gifts falling within that subsection, and

(b) the denominator is the difference between the unreduced value transferred and the value, before the reduction mentioned in subsection (2) above, of any gifts falling within that subsection;

and in paragraph (b) above "the unreduced value transferred" means the amount which would be the value transferred by the transfer but for the reduction required by sections 104 and 116 below.

(5) If or to the extent that specific gifts fall within paragraphs (a) and (b) of subsection (1) of section 38 above, the amount corresponding to the value of the gifts shall be arrived at in accordance with subsections (3) to (5) of that section by reference to their value reduced as mentioned in subsection (2) or, as the case may be, subsection (3) of this section.

(6) For the purposes of this section the value of a specific gift of relevant business property or agricultural property does not include the value of any other gift out of that property; and that other gift shall not itself be treated as a specific gift of relevant business property or agricultural property.

(7) In this section—

"agricultural property" and "the agricultural value of agricultural property" have the samemeaning as in Chapter II of Part V of this Act; and

"relevant business property" has the same meaing as in Chapter I of that Part."

106 Changes in financial institutions business property.

(1) In section 105 of the 1984 Act (relevant business property) the following shall be substituted for subsection (4)(a)—

"(a) does not apply to any property if the business concerned is wholly that of a market maker or is that of a discount house and (in either case) is carried on in the United Kingdom, and".

(2) At the end of that section there shall be inserted—

"(7) In this section "market maker" means a person whom—

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(a) holds himself out at all normal times in compliance with the rules of The Stock Exchange as willing to buy and sell securities, stocks and shares at a price specified by him, and

(b) is recognised as doing so by the Council of The Stock Exchange."

(3) Subsections (1) and (2) above apply in relation to transfers of value made, and otehr events occurring, on or after the day of the Stock Exchange reforms.

(4) The Board may by regulations provided that section 105(7) of the 1984 Act (as inserted by subsection (2) above) shall have effect—

(a) as if the reference to The Stock Exchange in paragraph (a) were to any recognised investment exchange (within the meaning **[**F450given by section 285(1)(a) of the Financial Services and Markets Act 2000**]**) or to any of those exchanges specified in the regulations, and

(b) as if the reference to the Council of Stock Exchange in paragraph (b) were to the investment exchange concerned.

(5) The Board may by regulations amend section 105 of the 1984 Act so as to secure that section 105(3) does not apply to any property if the business concerned is of such description as is set out in the regulations; and the regulations may include such incidental and consequential provisions as the Board think fit.

(6) Regulations under subsection (4) or (5) above shall apply in relation to transfers of value made, and other events occurring, on or after such day, after the Stock Exchange reforms, as is specified in the regulations.

(7) The power to make regulations under subsection (4) and (5) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the Commons House of Parliament.

(8) In this section "the day of the Stock Exchange reforms" means trhe day on which the rule of The Stock Exhcange that prohibits a person from carrying on business as both a broker and a jobber is abolished F451.

Textual Amendments

F450 Words in s. 106(4)(a) substituted (1.12.2001) by S.I. 2001/3629, **art. 11**

F451 The "day of The Stock Exchange reforms" was 27 October 1986.

107 Changes in financial institutions: interest.

(1) In section 234 of the 1984 Act (interest in instalments) the following shall be substituted for subsection (3)(c)—

"(c) any company whose business is wholly that of a amrket maker or is that of a discount house and (in either case) is carried on in the United Kingdom."

(2) At the end of that section there shall be inserted—

"(4) In this section "market maker" means a person who—

(a) holds himself out at all normal times in compliance with the rules of The Stock Exchange as willing to buy and sell securities, stocks or shares at a price specified by him, and

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(b) is recognised as doing so by the Council of The Stock Exchange."

(3) Subsections (1) and (2) above apply in relation to chargeable transfers made, and other events occurring, on or after the day of The Stock Exchange reforms.

(4) The Board may by regulations provide that section 234(4) of the 1984 Act (as inserted by subsection (2) above) shall have effect—

(a) as if the reference to The Stock Exchange in paragraph (a) were to any recognised investment exchange (within the meaning **[**F452given by section 285(1)(a) of the Financial Services and Markets Act 2000**]**) or to any of those exchanges specified in the regulations, and

(b) as if the reference to the Council of The Stock Exchange in paragraph (b) were to the investment exchange concerned.

(5) The Board may by regulations amend section 234 of the 1984 Act so as to secure that companies of a description set out in the regulations fall within section 234(3)(c); and the regulations may include such incidental and consequential provisions as the Board think fit.

(6) Regulations under subsection (4) or (5) above shall apply in relation to chargeable transfers made, and by other events occurring, on or after such day, after the day of The Stock Exchange reforms, as is specified in the regulations.

(7) The power to make regulations under subsection (4) or (5) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the Commons House of Parliament.

(8) In this section "the day of The Stock Exchange reforms" has the same meaning as in section 106 above.

Textual Amendments

F452 Words in s. 107(4)(a) substituted (1.12.2001) by S.I. 2001/3629, **art. 11**

PART VI

OIL TAXATION

108 The on-shore/off-shore boundary.

(1) For the purposes of the enactments relating to oil taxation, land lying between the landward boundary of the territorial sea and the shoreline of the United Kingdom (as defined below) shall be treated as part of the bed of the territorial sea of the United Kingdom and any reference in those enactments to the territorial sea or the subsoil beneath it shall be construed accordingly.

(2) Any reference to the United Kingdom in the enactments relating to oil taxation, where that reference is a reference to a geographical area, shall be treated as a reference to the United Kingdom exclusive of the land referred to in subsection (1) above and of any waters for the time being covering that land.

(3) In this section—

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(a) "the landward boundary of the territorial sea" means the line for the time being ordered by Her Majesty in Council to be the baseline from which the breadth of the territorial sea is measured; and

(b) "the shoreline of the United Kingdom" means, subject to subsection (4) below, the high-water line along the coast, including the coast of all islands comprised in the United Kingdom.

(4) In the case of waters adjacent to a bay, as defined in the Territorial Waters Order in Council 1964, the shoreline means—

(a) if the bay has only one mouth and the distance between the high-water lines of the natural entrance points of the bay does not exceed 5,000 metres, a straight line joining those high-water lines;

(b) if, because of the presence of islands, the bay has more than one mouth and the distances between the high-water lines of the natural entrance points of each mouth added together do not exceed 5,000 metres, a series of straight lines across each of the mouths drawn so as to join those high-water lines; and

(c) if neither paragraph (a) nor paragraph (b) above applies, a straight line 5,000 metres in length drawn from high-water line to high-water line within the bay in such a manner as to enclose the maximum area of water that is possible with a line of that length.

(5) If, by virtue of this section, it becomes necessary at any time to establish the high-water line at any place, it shall be taken to be the line which, on the current Admiralty chart showing that place, is depicted as "the coastline", and for this purpose,—

(a) an Admiralty chart means a chart published under the superintendence of the Hydrographer of the Navy;

(b) if there are two or more Admiralty charts of different scales showing the place in question and depicting the coastline, account shall be taken only of the largest scale chart; and

(c) subject to paragraph (b) above, the current Admiralty chart at any time is that most recently published before that time.

(6) In this section "the enactments relating to oil taxation" means Part I of the [M36]Oil Taxation Act 1975 and any enactment which is to be construed as one with that Part.

(7) This section shall be deemed to have come into force on 1st April 1986.

Modifications etc. (not altering text)
C48 S. 108(5) applied (16.7.1992) by Finance (No. 2) Act 1992 (c. 48), **s. 74(4)**.

Marginal Citations
M36 1975 c. 22.

109 Alternative valuation of light gases.

(1) Where an election is made under this section **[**[F453]before 1st January 1994**]** and accepted by the Board, the market value for the purposes of the Oil Taxation Acts of any light gases to which the election applies shall be determined, not in accordance with paragraphs 2, 2A and 3 of Schedule 3 to the principal Act (value under a notional contract), but by reference to a price formula specified in the election; and, in relation

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to any such light gases, any reference to market value in any other provision of the Oil Taxation Acts shall be construed accordingly.

(2) No election may be made under this section in respect of light gases which are "ethane" as defined in subsection (6)(a) of section 134 of the [M37]Finance Act 1982 (alternative valuation of ethane used for petrochemical purposes) if the principal purpose for which the gases are being or are to be used is that specified in subsection (2)(b) of the said section 134 (use for petrochemical purposes).

(3) Subject to subsection (4) below, an election under this section applies only to light gases—

(a) which, during the period covered by the election, are either disposed of otherwise than in sales at arm's length or relevantly appropriated; and

(b) which are not subject to fractionation between the time at which they are so disposed of or appropriated and the time at which they are applied or used for the purposes specified in the election.

(4) In any case where,—

(a) at a time during the period covered by an election, a market value falls to be determined for light gases to which subsection (4)(b) or (5)(d) of section 2 of the principal Act applies (oil stocks at the end of chargeable periods), and

(b) after the expiry of the chargeable period in question, the light gases are disposed of or appropriated as mentioned in subsection (3) above,

the market value of those light gases at the time referred to in paragraph (a) above shall be determined as if they were gases to which the election applies.

(5) Schedule 18 to the [M38]Finance Act 1982 (which applies to elections under section 134 of that Act relating to ethane used or to be used for petrochemical purposes) shall have effect for supplementing this section but subject to the modifications in Schedule 21 to this Act (in which "the 1982 Schedule" means the said Schedule 18).

(6) This section shall be construed as one with Part I of the principal Act and in this section—

(a) "light gases" means oil consisting of gas of which the largest component by volume over any chargeable period is methane or ethane or a combination of those gases and which—

(i) results from the fractionation of gas before it is disposed of or appropriated as mentioned in subsection (3)(a) above, or

(ii) before being so disposed of or appropriated, is not subjected to initial treatment or is subjected to initial treatment which does not include fractionation;

(b) "the principal Act" means the [M39]Oil Taxation Act 1975; and

(c) "the Oil Taxation Acts" means Part I of the principal Act and any enactment which is to be construed as one with that Part.

(7) In this section "fractionation" means the treatment of gas in order to separate gas of one or more kinds as mentioned in paragraph 2A(3) of Schedule 3 to the principal Act; and for the purposes of subsection (6)(a) above,—

(a) the proportion of methane, ethane or a combination of the two in any gas shall be determined at a temperature of 15[2B]dgC and at a pressure of one atmosphere; and

(b) any component other than methane, ethane or liquified petroleum gas shall be disregarded.

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Textual Amendments

F453 Words in s. 109(1) inserted (3.5.1994) by 1994 c. 9, **s. 236(3)(b)**

Modifications etc. (not altering text)

C49 S. 109 restricted (3.5.1994) by 1994 c. 9, **s. 236(3)**

Marginal Citations

M37 1982 c. 39.

M38 1982 c. 39

M39 1975 c. 22.

110 Attribution of certain receipts and expenditure between oil fields.

(1) Section 8 of the [M40]Oil Taxation Act 1983 (qualifying assets) shall have effect, and be deemed always to have had effect, subject to the amendments in subsections (2) and (3) below.

(2) In subsection (3) (which determines the oil field to which are attributable tariff receipts or disposal receipts referable to a qualifying asset) after the word "above", both where it occurs in paragraph (c) and also in the words following paragraph (c), there shall be inserted "and subsection (3A) below".

(3) After subsection (3) there shall be inserted the following subsection—

"(3A) If development decisions were first made in relation to two or more oil fields on the same day, then, for the purposes of subsection (3)(c) above, it shall be conclusively presumed that the first of those decisions was made in relation to that one of those fields in connection with which it appeared—

(a) at the time of the decision, or

(b) if it is later, at the time the asset was acquired or brought into existence by the participator in question for use in connection with an oil field,

that the participator in question would make the most use of the asset."

(4) Paragraph 6 of Schedule 1 to the Oil Taxation Act 1983 (attribution of allowable expenditure) shall have effect and be deemed always to have had effect with the addition of the following sub-paragraph—

"(3) Subsection (3A) of section 8 of this Act applies for the purposes of sub-paragraph (1) above as it applies for the purposes of subsection (3)(c) of that section."

Marginal Citations

M40 1983 c. 56.

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PART VII

MISCELLANEOUS AND SUPPLEMENTARY

[F454 111 Broadcasting: additional payments by programme contractors.

(1) The M41 Broadcasting Act 1981 shall have effect with respect to additional payments payable by programme contractors under that Act subject to the amendments made by Part I of Schedule 22 to this Act.

(2) The transitional provisions made by Part II of that Schedule shall have effect.

(3) This section shall be deemed to have come into force on 1st April 1986.]

Textual Amendments

F454 S. 111 repealed (*prosp.* as mentioned in S.I. 1990/2347, **art. 3(3)**) by Broadcasting Act 1990 (c.42, SIF 96), ss. 134, 203(3), 204(2), Sch. 12 Pt. II para. 1, **Sch. 21**

Marginal Citations

M41 1981 c. 68.

112 Limit for local loans.

In section 4(1) of the M42 National Loans Act 1968 (which provides that the aggregate of any commitments of the Public Works Loan Commissioners in respect of undertakings to grant local loans and any amount outstanding in respect of the principal of such loans shall not exceed £28,000 million or such other sum not exceeding £35,000 million as the Treasury may specify by order) for the words "£28,000 million" and "£35,000 million" there shall be substituted respectively "£42,000 million" and "£50,000 million".

Marginal Citations

M42 1968 c. 13.

113 "Securities" for purposes of Exchange Equalisation Account Act 1979.

—At the end of section 3 of the M43 Exchange Equalisation Account Act 1979 (investment of the funds of the Exchange Equalisation Account) there shall be added the following subsection—

"(4) Without prejudice to the reference in subsection (1)(b) above to special drawing rights, the reference in subsection (3) above to currency of any country includes a reference to units of account defined by reference to more than one currency."

Marginal Citations

M43 1979 c. 30.

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114 Short title, interpretation, construction and repeals.

(1) This Act may be cited as the Finance Act 1986.

(2) In this Act "the Taxes Act" means the [M44]Income and Corporation Taxes Act 1970.

(3) Part II of this Act, so far as it relates to income tax, shall be construed as one with the Income Tax Acts, so far as it relates to corporation tax, shall be construed as one with the Corporation Tax Acts and, so far as it relates to capital gains tax, shall be construed as one with the [M45]Capital Gains Tax Act 1979.

(4) Part III of this Act shall be construed as one with the [M46]Stamp Act 1891.

(5) Part V of this Act, other than section 100, shall be construed as one with the [M47]Capital Transfer Tax Act 1984.

(6) The enactments and Orders specified in Schedule 23 to this Act are hereby repealed to the extent specified in the third column of that Schedule, but subject to any provision at the end of any Part of that Schedule.

Marginal Citations

M44 1970 c. 10.
M45 1979 c. 14.
M46 1891 c. 39.
M47 1984 c. 51.

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[F455]SCHEDULE 1

Textual Amendments

F455 Sch. 1 repealed (1.9.1994) by 1994 c. 22, ss. 64, 65, 66, Sch. 4, **Sch. 5 Pt. I** (with s. 57(4))

PART I

PROVISION SUBSTITUTED FOR PART II OF SCHEDULE 2 TO THE ACTS OF 1971 AND 1972

Description of vehicle	**Rate of duty**
	£
Hackney carriages	52·50
	with an additional £1·05 for each person above 20 (excluding the driver) for which the vehicle has seating capacity.

PART II

TABLES SUBSTITUTED IN PART II OF SCHEDULE 4 TO THE ACTS OF 1971 AND 1972

TABLE A(1)

RATES OF DUTY ON RIGID GOODS VEHICLES
EXCEEDING 12 TONNES PLATED GROSS WEIGHT

RATES FOR FARMERS' GOODS VEHICLES

Plated gross weight of vehicle			**Rate of duty**	
1.	**2.**	**3.**	**4.**	**5.**
Exceeding	**Not exceeding**	**Two axle vehicle**	**Three axle vehicle**	**Four or more axle vehicle**
tonnes	**tonnes**	**£**	**£**	**£**
12	13	210	170	170
13	14	280	175	175
14	15	350	175	175
15	17	475	180	175
17	19		240	175
19	21		320	180

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21	23	420	245
23	25	720	330
25	27		465
27	29		665
29	30·49		1,090

TABLE C(1)

RATES OF DUTY ON TRACTOR UNITS EXCEEDING 12 TONNES PLATED TRAIN WEIGHT AND HAVING ONLY 2 AXLES

RATES FOR FARMERS' GOODS VEHICLES

Plated train weight of tractor unit		**Rate of duty**		
1.	**2.**	**3.**	**4.**	**5.**
Exceeding	**Not exceeding**	**For a tractor unit to be used with semi-trailers with any number of axles**	**For a tractor unit to be used only with semi-trailers with not less than two axles**	**For a tractor unit to be used only with semi-trailers with not less than three axles**
tonnes	**tonnes**	**£**	**£**	**£**
12	14	235	215	215
14	16	290	220	220
16	18	330	220	220
18	20	385	220	220
20	22	435	270	220
22	23	465	300	220
23	25	530	365	225
25	26	530	405	265
26	28	530	500	345
28	29	555	555	390
29	31	765	765	495
31	33	1,115	1,115	780
33	34	1,230	1,230	1,150
34	36	1,405	1,405	1,405
36	38	1,580	1,580	1,580

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TABLE D(1)

RATES OF DUTY ON TRACTOR UNITS EXCEEDING 12 TONNES PLATED TRAIN WEIGHT AND HAVING THREE OR MORE AXLES

RATES FOR FARMERS' GOODS VEHICLES

Plated train weight of tractor unit		**Rate of duty**		
1.	**2.**	**3.**	**4.**	**5.**
Exceeding	**Not exceeding**	**For a tractor unit to be used with semi-trailers with any number of axles**	**For a tractor unit to be used only with semi-trailers with not less than two axles**	**For a tractor unit to be used only with semi-trailers with not less than three axles**
tonnes	**tonnes**	**£**	**£**	**£**
12	14	215	215	215
14	20	220	220	220
20	22	270	220	220
22	23	300	220	220
23	25	365	220	220
25	26	405	225	220
26	28	500	230	225
28	29	555	270	230
29	31	765	325	240
31	33	1,115	495	250
33	34	1,140	725	315
34	36	1,205	1,035	475
36	38	1,390	1,390	710

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SCHEDULE 2

Section 3(7).

VEHICLES EXCISE DUTY: MISCELLANEOUS AMENDMENTS

F456 PART I

Textual Amendments

F456 Sch. 2 Pt. I repealed (1.9.1994) by 1994 c. 22, ss. 64, 65, 66, Sch. 4, **Sch. 5 Pt. I** (with s. 57(4))

Additional days to be included in duration of certain licences

1 (1) In the Vehicles (Excise) Act 1971 (in this Part of this Schedule referred to as "the 1971 Act"), section 2A (power to modify duration of licences and rates of duty) as set out in paragraph 5 of Schedule 7 to that Act (transitional provisions) shall be amended as follows.

(2) In subsection (1) after paragraph (a) there shall be inserted the following paragraph—

"(aa) in the case of licences taken out on the first registration of vehicles of such description as may be so specified, periods exceeding by such number of days (not exceeding thirty) as may be determined by or under the order the periods for which the licence would otherwise have effect by virtue of section 2(1) above or any provision made under paragraph (a) above; or".

(3) In subsection (2), in paragraph (a) of the proviso, for the words "other than one of twelve months" there shall be substituted the words "of a fixed number of months other than twelve or for a period of less than a month".

Tower wagons used by street lighting authorities etc.

2 In section 4 of the 1971 Act (exemptions from duty) in subsection (2) for the definition of "tower wagon" there shall be substituted the following—

""tower wagon" means a goods vehicle—

(a) into which there is built, as part of the vehicle, any expanding or extensible contrivance designed for facilitating the erection, inspection, repair or maintenance of overhead structures or equipment, and

(b) which is neither constructed nor adapted for use nor used for the conveyance of any load other than—

(i) such a contrivance and articles used in connection therewith, and

(ii) articles used in connection with the installation or maintenance, by means of such a contrivance, of materials or apparatus for lighting streets, roads or public places".

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Visiting forces

3 In section 7 of the 1971 Act (miscellaneous exemptions from duty) after subsection (3) there shall be inserted the following subsection—

"(3A) Regulations under this Act may provide that, in such cases, subject to such conditions and for such period as may be prescribed, a mechanically propelled vehicle shall not be chargeable with any duty under this Act if it has been imported by—

(a) a person for the time being appointed to serve with any body, contingent or detachment of the forces of any prescribed country, being a body, contingent or detachment which is for the time being present in the United Kingdom on the invitation of Her Majesty's Government in the United Kingdom, or

(b) a member of any country's military forces, except Her Majesty's United Kingdom forces, who is for the time being appointed to serve in the United Kingdom under the orders of any prescribed organisation, or

(c) a person for the time being recognised by the Secretary of State as a member of a civilian component of such a force as is mentioned in paragraph (a) above or as a civilian member of such an organisation as is mentioned in paragraph (b) above, or

(d) any prescribed dependant of a person falling within paragraph (a), paragraph (b) or paragraph (c) above."

Trade licences

. . . . . .

4 (1) Section 16 of the 1971 Act (trade licences) shall be amended as follows.

(2) In subsection (1) (issue of trade licences)—

(a) at the end of paragraph (iii) (vehicles for which a manufacturer may use a trade licence) there shall be inserted the words "and all vehicles which are from time to time submitted to him by other manufacturers for testing on roads in the course of that business"; and

(b) at the beginning of paragraph (c) of the proviso (restrictions on use of trade licence) there shall be inserted the words "except in such circumstances as may be prescribed".

(3) After subsection (1) there shall be inserted the following subsection—

"(1A) Subsection (1) above has effect in relation to an application made by a person who satisfies the Secretary of State that he intends to commence business as a motor trader or vehicle tester as it has effect in relation to an application made by a motor trader or vehicle tester."

(4) In subsection (3) (which specifies the cases in which regulations may allow a vehicle to be used under a trade licence to carry a load) after paragraph (b) there shall be inserted the following paragraph—

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"(bb) in the case of a vehicle is being delivered or collected, a load consisting of another vehicle used or to be used for travel from or to the place of delivery or collection; or".

(5) Subsection (4) (duration of trade licence) shall be amended as follows—

(a) for the words "A trade licence". . . to the 1971 Act, there shall be substituted "Subject to subsections (4A) and (4B) below, a trade licence";

(b) for paragraph (b) there shall be substituted—

"(b) for a period of six months"; and

(c) . . . . . .

(6) After subsection (4) there shall be inserted the following subsections—

"(4A) A trade licence taken out by a person who is not a motor trader or vehicle tester (having satisfied the Secretary of State as mentioned in subsection (1A) above) shall be for a period of six months only.

(4B) The Secretary of State may require that a trade licence taken out by a motor trader or vehicle tester who does not hold any existing trade licence shall be for a period of six months only."

(7) Subsection (5) (fees) shall be amended as follows—

(a) for the words "four months" and "eleven thirtieths" there shall be substituted respectively "six months" and "eleven twentieths"; and

(b) . . . . . .

(8) In subsection (8), in the definition of "motor trader", for the words from "means" to "this section" there shall be substituted "means—

(a) a manufacturer or repairer of, or dealer in, mechanically propelled vehicles, or

(b) any person not falling within paragraph (a) above who carries on a business of such description as may be prescribed;

and a person shall be treated for the purposes of paragraph (a) above ".

Surrender of licences

5 In section 17(2) of the 1971 Act (surrender of licences) as set out in paragraph 13 of Part I of Schedule 7 to the Act, paragraph (a) and, in paragraph (b), the words from the beginning to "class" shall be omitted.

Removal of fee for duplicate registration document

6 Section 23 of the 1971 Act (regulations with respect to the transfer and identification of vehicles) shall be amended as follows—

(a) in paragraph (f) (replacement documents) the words "and as to the fee payable in prescribed circumstances in respect of any replacement" shall be omitted; and

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(b) in the section as set out in paragraph 20 of Part I of Schedule 7 to the Act in subsection (1)(e) (replacement books) the words "and for the fee to be paid on the issue of a new registration book" shall be omitted.

F460PART II

Textual Amendments

F460 Sch. 2 Pt. II repealed*(1.10.1991)* by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt.IV**; S.I. 1991/2021, **art.2**.

Additional days to be included in duration of certain licences

F4617 . . . . . .

Textual Amendments

F461 Sch. 2 Pt. II repealed*(1.10.1991)* by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt.IV**; S.I. 1991/2021, **art.2**. and subject to amendment by 1994 c. 9, s. 258, **Sch. 26 Pt. I(3)**

Tower wagons used by street lighting authorities etc.

F4628 . . . . . .

Textual Amendments

F462 Sch. 2 Pt. II repealed*(1.10.1991)* by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt.IV**; S.I. 1991/2021, **art.2**.

Trade licences

F4639 . . . . . .

Textual Amendments

F463 Sch. 2 Pt. II repealed*(1.10.1991)* by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt.IV**; S.I. 1991/2021, **art.2**.

Surrender of licences

F46410 . . . . . .

Textual Amendments

F464 Sch. 2 Pt. II repealed*(1.10.1991)* by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt.IV**; S.I. 1991/2021, **art.2**.

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Removal of fee for duplicate registration document

F465 11 . . . . . .

Textual Amendments

F465 Sch. 2 Pt. II repealed*(1.10.1991)* by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt.IV**; S.I. 1991/2021, **art.2**.

SCHEDULE 3

Section 5.

WAREHOUSING REGULATIONS

1 Section 93 of the M49 Customs and Excise Management Act 1979 (warehousing regulations) shall be amended in accordance with paragraphs 2 to 7 below.

Marginal Citations

M49 1979 c. 2.

F466 2 . . . . . .

Textual Amendments

F466 Sch. 3 para. 2 repealed (9.12.1992) by Finance (No. 2) Act 1992 (c. 48), ss. 3, 82, Sch. 2 para. 2, **Sch. 18 Pt.I**, Note 6; S.I. 1992/3104, **art. 2(1)**.

3 The following shall be inserted after subsection (2)(e)—

"(ee) providing that goods which are to be warehoused, or which have been lawfully permitted to be removed from a warehouse without payment of duty, are to be treated as if, for all or any prescribed purposes of the customs and excise Acts, they were warehoused;".

4 The following shall be substituted for subsection (2)(g) (business records)—

"(g) imposing or providing for the imposition under the regulations of requirements on the occupier of a warehouse or the proprietor of goods in a warehouse or goods which have been in or are to be deposited in a warehouse to keep and preserve such records as may be prescribed relating to his occupation of the warehouse or proprietorship of the goods;

(h) imposing or providing for the imposition under the regulations of requirements on such an occupier or proprietor to preserve all other records kept by him for the purposes of any relevant business or activity, except any records which (or records of a class which) the Commissioners specify as not needing preservation;

(j) imposing or providing for the imposition under the regulations of requirements on such an occupier or proprietor to produce or cause to be produced any records which he has been required to preserve by virtue of paragraph (g) or (h) above to an officer when required to do so for the purpose of allowing the officer to inspect them, to

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copy or take extracts from them or to remove them at a reasonable time and for a reasonable period;

(k) imposing or providing for the imposition under the regulations of requirements on such an occupier or proprietor to furnish the Commissioners with any information relating to any relevant business or activity which they specify as information which they think it is necessary or expedient for them to be given for the protection of the revenue;

(l) allowing a requirement to preserve any records which has been imposed by virtue of paragraph (h) above to be discharged by the preservation in a form approved by the Commissioners of the information contained in the records."

5 The following shall be inserted at the end of subsection (2)—

"In this subsection "relevant business or activity' means, in relation to an occupier or proprietor, any business or activity of his which includes occupation of a warehouse or (as the case may be) proprietorship of goods in a warehouse or goods which have been in or are to be deposited in a warehouse, where the goods are of a kind in which the proprietor trades or deals."

F467 6 . . . . . .

Textual Amendments

F467 Sch. 3 para. 6 repealed (9.12.1992) by Finance (No. 2) Act 1992 (c. 48), ss. 3, 82, Sch. 2 para. 2, **Sch. 18 Pt.I**, Note 6; S.I. 1992/3104, **art. 2(1)**.

7 The following shall be substituted for subsection (7) (interpretation)—

"(7) In this section—

(a) "prescribed" means prescribed by warehousing regulations;

(b) references to goods which are to be warehoused are references to goods which have been entered for warehousing on importation, which have been removed from a producer's premises for warehousing without payment of duty or which are to be warehoused on drawback."

8 In consequence of the amendments made by the preceding provisions of this Schedule, the following provisions of section 15 of the M50 Alcoholic Liquor Duties Act 1979 (which relate to regulations about distillers' warehouses) shall cease to have effect—

(a) subsections (6A) and (6B), and

(b) the words "restriction or requirement" in subsection (7) and in subsection (8).

Marginal Citations

M50 1979 c. 4.

Changes to legislation: *Finance Act 1986 is up to date with all changes known to be in force on or before 22 October 2026. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

SCHEDULE 4

Section 6.

EXTENSION TO NORTHERN IRELAND OF PROVISIONS OF BETTING AND GAMING DUTIES ACT 1981

PART I

AMENDMENTS OF THE BETTING AND GAMING DUTIES ACT 1981

General betting duty and pool betting duty

1 (1) In section 1 (general betting duty) in subsection (1) for the words "Great Britain" there shall be substituted "the United Kingdom".

(2) In subsection (3) of that section after the words "Act 1963" there shall be inserted the words "or Article 37 of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985".

2 F468(1) . . . . . .

F469(2) . . . . . .

Textual Amendments

F468 Sch. 4 para. 2(1) repealed (*retrospective* to 31.3.2002) by 2002 c. 23, ss. 12, 141, **Sch. 40 Pt. 1(4)** Note 2

F469 Sch. 4 para. 2(2) repealed (1.2.1994) by 1993 c. 34, s. 213, **Sch. 23 Pt. I**; S.I. 1993/2842, **art. 3(3)**.

3 (1) In section 9 (prohibitions for protection of revenue) for the words "Great Britain", wherever they occur, there shall be substituted "the United Kingdom".

(2) In subsection (3)(a) of that section the words "Northern Ireland or" and "of the Parliament of Northern Ireland or, as the case may be," shall be omitted.

4 In section 12(4) (interpretation of provisions relating to betting duties)—

(a) before the definition of "meeting" there shall be inserted the following definitions—

""betting office licence"—

(a) in Great Britain, has the meaning given by section 9(1) of the Betting, Gaming and Lotteries Act 1963, and

(b) in Northern Ireland, means a bookmaking office licence as defined in Article 2(2) of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985;

"bookmaker"—

(a) in Great Britain, has the meaning given by section 55(1) of the said Act of 1963, and

(b) in Northern Ireland, has the meaning given by Article 2(2) of the said Order of 1985;

and (in either case) the expression "bookmaking' shall be construed accordingly;

"bookmaker's permit"—

***Changes to legislation:** Finance Act 1986 is up to date with all changes known to be in force on or before 22 October 2026. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

(a) in Great Britain, has the meaning given by section 2(1) of the said Act of 1963, and

(b) in Northern Ireland, means a bookmaker's licence as defined in Article 2(2) of the said Order of 1985;";

F470(b) . . . . . .

(c) the words from "and "betting office licence"'to the end shall be omitted.

Textual Amendments

F470 Sch. 4 para. 4(b) repealed (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 27 Pt. 6(3)**

Bingo duty

5 In section 17(1) (charge of bingo duty) for the words "Great Britain" there shall be substituted "the United Kingdom".

6 In section 19(2) (bingo played in more than one place)—

(a) for the words "Great Britain", in both places where they occur, there shall be substituted "the United Kingdom"; and

(b) the words "Northern Ireland or" and the words "the Parliament of Northern Ireland or, as the case may be," shall be omitted.

7 In section 20(2) (interpretation of provisions relating to bingo duty) the definition of "Great Britain" shall be omitted and after the definition of "the promoter" there shall be inserted the following definition—

""'United Kingdom' includes the territorial waters of the United Kingdom;".

General

F4718 . . . . . .

Textual Amendments

F471 Sch. 4 Pt I para. 8 repealed (1.7.1997) by 1997 c. 16, s. 113, **Sch. 18 Pt. V(2)**; S.I. 1997/1433, **art. 2**

F4729 . . . . . .

Textual Amendments

F472 Sch. 4 Pt. I para. 9 repealed (1.7.1997) by 1997 c. 16, s. 113, **Sch. 18 Pt. V(2)**; S.I. 1997/1433, **art. 2**

10 (1) In section 35, for subsection (3) (extent) there shall be substituted—

"(3) The following provisions of this Act do not extend to Northern Ireland—

(a) sections 13 to 16;

(b) sections 29 and 30;

(c) Schedule 2;

(d) paragraph 15 of Schedule 4;

and sections 27 and 31 do not extend there in their application to the enactment relating to gaming licence duty."

Changes to legislation: *Finance Act 1986 is up to date with all changes known to be in force on or before 22 October 2026. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

(2) Subsection (4) of that section shall be omitted.

Administration of betting duties

11 (1) In Schedule 1 (betting duties) [F473]....

(2) In paragraph 15 of that Schedule—

[F474](a) . . . . . .

[F474](b) . . . . . .

(c) after that sub-paragraph there shall be inserted the following sub-paragraphs—

"(5) Subject to sub-paragraph (6) below, where under sub-paragraph (1) above a court orders that a betting office licence held by a person in respect of premises in Northern Ireland shall be forfeited and cancelled, no court of summary jurisdiction shall entertain an application by that person for the grant (or provisional grant) of a new betting office licence in respect of those premises or any other premises situated in the same petty sessions district as those premises made less than twelve months after that forfeiture and cancellation.

(6) Sub-paragraph (5) above—

(a) shall not prejudice the right of such a person as is mentioned in that sub-paragraph to seek the renewal of any betting office licence (other than that which is forfeited) which he holds; and

(b) applies notwithstanding anything in Article 12 of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985.".

Textual Amendments

F473 Words in Sch. 4 para. 11(1) repealed (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 27 Pt. 6(3)**

F474 Sch. 4 para. 11(2)(a)(b) repealed (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 27 Pt. 6(3)**

Exemptions from, and administration of, bingo duty

12 (1) In Schedule 3 in paragraph 2(1) (small-scale bingo) after the words "Act 1968" there shall be inserted the words "or under Chapter II of Part III of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985".

(2) In paragraph 5 of that Schedule (small-scale amusements provided commercially) in sub-paragraph (1) after paragraph (a) there shall be inserted the following paragraph—

"(aa) on any premises in Northern Ireland in respect of which an amusement permit under Article 111 of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985 or a pleasure permit under Article 157 of that Order has been granted;".

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(3) In paragraph 10(2) of that Schedule (registration of bingo-promoters) after the words "Act 1968" there shall be inserted the words "or under Chapter II of Part III of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985".

PART II

CONSEQUENTIAL AMENDMENTS OF NORTHERN IRELAND LEGISLATION

13 In section 287(1)(a) of the [M51]Companies Act (Northern Ireland) 1960 (preferential payments), for head (iv) there shall be substituted the following head—

"(iv) any amount due from the company at the relevant date by way of general betting duty or bingo duty, or by virtue of section 12(1) of the Betting and Gaming Duties Act 1981, which became due within 12 months next before that date;".

Marginal Citations
M51 1960 c. 22 (N.I.)

14 In Article 19(a) of the [M52]Bankruptcy Amendment (NorthernIreland) Order 1980 (preferential payments), for head (v) there shall be substituted the following head—

"(v) any amount due from the bankrupt at the relevant date by way of general betting duty or bingo duty, or by virtue of section 12(1) of the Betting and Gaming Duties Act 1981, which became due within 12 months next before that date;".

Marginal Citations
M52 S.I. 1980/561 (N.I. 4).

15 (1) The [M53]Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985 shall be amended as follows.

(2) In Article 7, after paragraph (4), there shall be inserted the following paragraph—

"(4A) In considering the fitness of any applicant to hold a bookmaker's licence, the court shall have regard to—

(a) any failure of the applicant or of any other person mentioned in paragraph (3)(b); and

(b) where the applicant is a body corporate, any failure of any director of the applicant or of any other person mentioned in paragraph (4);

to pay any amount due from him or it by way of general betting duty or pool betting duty.".

(3) In Article 61, after paragraph (4) there shall be inserted the following paragraph—

"(4A) In considering the fitness of any applicant to hold a bingo club licence, a court shall have regard to—

(a) any failure of the applicant or of any other person mentioned in paragraph (3)(b); and

Changes to legislation: *Finance Act 1986 is up to date with all changes known to be in force on or before 22 October 2026. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

(b) where the applicant is a body corporate, any failure of any director of the applicant or of any other person mentioned in paragraph (4);

to pay any amount due from him or it by way of bingo duty.".

(4) In Article 174 (registration of licences, etc)—

(a) in paragraph (2), after head (g) there shall be inserted the following head—

"(gg) particulars of the forfeiture and cancellation of any bookmaking office licence in consequence of an order made under paragraph 15(1) of Schedule 1 to the Betting and Gaming Duties Act 1981;";

(b) in paragraph (4), after head (b) there shall be inserted the following—

"or

(c) orders the forfeiture and cancellation of a book-making office licence under paragraph 15(1) of Schedule 1 to the Betting and Gaming Duties Act 1981;".

(5) In the following provisions, namely—

(a) Article 2(16), in so far as it is relevant for the purposes of the provisions mentioned in heads (b) and (c);

(b) Article 185(3) and Schedule 7, in so far as those provisions relate to a bookmaker's licence, a bookmaking office licence or a bingo club licence; and

(c) Schedules 1 to 6 and Schedules 9 and 10;

any reference to the sub-divisional commander of the police sub-division shall be construed as including a reference to the Collector of Customs and Excise for the area, and any reference to the police sub-division shall be construed as including a reference to the area for which the Collector is responsible.

Marginal Citations

M53 S.I. 1985/1204 (N.I. 11).

PART III

SUBORDINATE LEGISLATION

16 (1) Any regulations made under Schedule 1 (betting duties) to the [M54]Betting and Gaming Duties Act 1981, in so far as they have effect immediately before the betting commencement date, shall have effect on and after that date in relation to Northern Ireland as if—

(a) that Act extended to Northern Ireland at the time when the regulations were made, and

(b) the regulations were made in relation to Northern Ireland as well as to Great Britain.

[F475](2) . . . . . .

***Changes to legislation:** Finance Act 1986 is up to date with all changes known to be in force on or before 22 October 2026. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

Textual Amendments

F475 Sch. 4 para. 16(2) omitted (1.4.2026) by virtue of Finance Act 2026 (c. 11), s. 88(3), **Sch. 13 para. 4(b)** (with Sch. 13 para. 21)

Marginal Citations

M54 1981 c. 63.

SCHEDULE 5

LICENCES UNDER THE CUSTOMS AND EXCISE ACTS

General provisions as to payment of duty on excise licences

1 In section 101 of the [M55]Customs and Excise Management Act 1979 (grant of excise licences)—

(a) in subsection (1), for the words "the appropriate duty" there shall be substituted "any appropriate duty"; and

(b) in subsection (3), for the words "taken out" there shall be substituted "held" and for the words "in any one licence year" there shall be substituted "at any one time".

Marginal Citations

M55 1979 c. 2.

2 In sections 102(1) and 104(3) of the Customs and Excise Management Act 1979 (payment for and transfer of excise licences), for the words "the duty" there shall be substituted "any duty".

Licences to manufacture spirits

3 (1) Section 12 of the [M56]Alcoholic Liquor Duties Act 1979 (distillers' licences) shall be amended in accordance with this paragraph.

[F476](2) . . . . . .

(3) At the end of subsection (5) there shall be added the words "and where the largest still so used on any premises in respect of which a licence is held is of less than that capacity, the Commissioners may revoke the licence or attach to it such conditions as they see fit to impose".

(4) . . . . . [F477]

Textual Amendments

F476 Sch. 5 para. 3(2) repealed (19.7.2006) by Finance Act 2006 (c. 25), **Sch. 26 Pt. 1(1)**

F477 Sch. 5 para. 3(4)(5) repealed by Finance Act 1990 (c. 29, SIF 40:1), s. 132, **Sch. 19 Pt. I**

***Changes to legislation:** Finance Act 1986 is up to date with all changes known to be in force on or before 22 October 2026. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

Marginal Citations

M56 1979 c. 4.

Licences relating to hydrocarbon oil etc.

4 In Schedule 3 to the [M57]Hydrocarbon Oil Duties Act 1979 (subjects for regulations under section 21 of that Act), in paragraphs 2, [F478]. . . and 18 (which relate to licences for the production etc. of hydrocarbon oil, petrol substitutes and road fuel gas respectively) for the words "Fixing the date of expiration of any such licence" there shall be substituted "Specifying the circumstances in which any such licence may be surrendered or revoked".

Textual Amendments

F478 Word in Sch. 5 para. 4 repealed (1.12.1995) by 1993 c. 34, ss. 11(5), 213, **Sch. 23 Pt. I**; S.I. 1995/2715, **art. 2**

Marginal Citations

M57 1979 c. 5.

Licences to manufacture mechanical lighters

[F479]5 . . . . . .

Textual Amendments

F479 Sch. 5 para. 5 repealed (1.1.1993) by Finance (No. 2) Act 1992 (c. 48), s. 82, **Sch. 18 Pt.II**.

[F480]SCHEDULE 6

Textual Amendments

F480 Sch. 6 repealed (1.9.1994) by 1994 c. 23, ss. 100(2), 101(1), **Sch. 15** (with Sch. 13 para. 9 and subject to an amendment by 1994 c. 22, s. 63, **Sch. 3 para. 21**)

1 This Schedule has effect to determine the consideration referred to in subsection (7) of section 9 of this Act in respect of any one vehicle; and in this Schedule—

(a) "the principal section" means that section;

(b) "the prescribed accounting period" means that in respect of supplies in which the consideration is to be determined; and

(c) "the individual" means the individual to whom those supplies are treated as made.

. . . . . .

***Changes to legislation:** Finance Act 1986 is up to date with all changes known to be in force on or before 22 October 2026. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

2 (1) . . .Where the prescribed accounting period is a period of three months, the consideration appropriate to any vehicle is that specified in relation to a vehicle of the appropriate description in the second column of Table A below.

(2) . . .Where the prescribed accounting period is a period of one month, the consideration appropriate to any vehicle is that specified in relation to a vehicle of the appropriate description in the third column of Table A below.

TABLE A

Description of vehicle (Type of engine and cylinder capacity in cubic centimetres)	**3 month period**	**1 month period**
	£	£
Diesel engine		
2000 or less	145	48
More than 2000	187	62
Any other type of engine		
1400 or less	160	53
More than 1400 but not more than 2000	202	67
More than 2000	300	100

. . . . . .

3

4 The Treasury may by order taking effect from the beginning of any prescribed accounting period beginning after the order is made substitute a different Table for either of the Tables set out above.

5 (1) Where, by virtue of subsection (8) of the principal section, subsection (7) of that section has effect as if, in the prescribed accounting period, supplies of fuel for private use made in respect of two or more vehicles were made in respect of only one vehicle, the consideration appropriate shall be determined as follows—

(a) if each of the two or more vehicles falls within the same description of cubic capacity specified in Table A or Table B above, the Table in question shall apply as if only one of the vehicles were to be considered throughout the whole period; and

(b) if one of those vehicles falls within a description of cubic capacity specified in those Tables which is different from the other or others the consideration shall be the aggregate of the relevant fractions of the consideration appropriate for each description of vehicle under the Table in question.

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(2) For the purposes of sub-paragraph (1)(b) above, the relevant fraction in relation to any vehicle is that which the part of the prescribed accounting period in which fuel for private use was supplied in respect of that vehicle bears to the whole of that period.

6 (1) In the case of a vehicle having an internal combustion engine one or more reciprocating pistons, its cubic capacity for the purposes of Tables A and B above is the capacity of its engine as calculated for the purposes of the Vehicles (Excise) Act 1971 or the Vehicles (Excise) Act (Northern Ireland) 1972.

(2) In the case of a vehicle not falling within sub-paragraph (1) above, its cubic capacity shall be such as may be determined for the purposes of Tables A and B above by order by the Treasury.

SCHEDULES 7,
8. . . . . .
F484

Textual Amendments

F484 Schs. 7, 8, 9 Pt. I paras. 1–21, Pt. II para. 23, Schs. 10–12, 17, 18 paras. 1–6, 9(1)(*a*)(2) repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

SCHEDULE 9 Section 40.

BUSINESS EXPANSION SCHEME

PART I

1—21. . . . . F485

Textual Amendments

F485 Schs. 7, 8, 9 Pt. I paras. 1–21, Pt. II para. 23, Schs. 10–12, 17, 18 paras. 1–6, 9(1)(*a*)(2) repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

PART II

CONSEQUENTIAL AMENDMENTS

22 In the M60Taxes Management Act 1970 the following section shall be inserted after section 47A—

***Changes to legislation:** Finance Act 1986 is up to date with all changes known to be in force on or before 22 October 2026. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

"**47B Special jurisdiction relating to Business Expansion Scheme.**

If and so far as the question in dispute on any appeal against the refusal of relief under Schedule 5 to the Finance Act 1983 (relief for investment in corporate trades), or against an assessment withdrawing any such relief, is a question of the value of an interest in land (within the meaning of paragraph 5A(5) of that Schedule), it shall be determined—

(a) if the land is in England and Wales, on a reference to the Lands Tribunal;

(b) if the land is in Scotland, on a reference to the Lands Tribunal for Scotland; and

(c) if the land is in Northern Ireland, on a reference to the Lands Tribunal for Northern Ireland"

Marginal Citations

M60 1970 c. 9.

23 . . . . . **F486**

Textual Amendments

F486 Schs. 7, 8, 9 Pt. I paras. 1–21, Pt. II para. 23, Schs. 10–12, 17, 18 paras. 1–6, 9(1)(*a*)(2) repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

SCHEDULES 10–12. . . . . **F487**

Textual Amendments

F487 Schs. 7, 8, 9 Pt. I paras. 1–21, Pt. II para. 23, Schs. 10–12, 17, 18 paras. 1–6, 9(1)(*a*)(2) repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

SCHEDULES 13–:16. . . . . **F488**

Textual Amendments

F488 Schs. 13–16 repealed by Capital Allowances Act 1990 (c. 1, SIF 63:1), s. 164(4), **Sch. 2**

Changes to legislation: *Finance Act 1986 is up to date with all changes known to be in force on or before 22 October 2026. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

SCHEDULE

17. . . . . .
F489

Textual Amendments

F489 Schs. 7, 8, 9 Pt. I paras. 1–21, Pt. II para. 23, Schs. 10–12, 17, 18 paras. 1–6, 9(1)(*a*)(2) repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

SCHEDULE 18

Section 63.

SECURITIES: OTHER PROVISIONS

Sale and re-purchase of securities

1—6. . . . . F490

Textual Amendments

F490 Schs. 7, 8, 9 Pt. I paras. 1–21, Pt. II para. 23, Schs. 10–12, 17, 18 paras. 1–6, 9(1)(*a*)(2) repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

Information

F491 7 . . . . . .

Textual Amendments

F491 Sch. 18 para. 7 repealed (19.3.1997 with effect as mentioned in Sch. 10 para. 16, Sch. 18 Pt. VI(10) Note 1 of the amending Act) by 1997 c. 16, ss. 76, 113, Sch. 10 Pt. II para. 15, **Sch. 18 Pt. VI(10)**; S.I. 1997/991, **art. 2**

8 (1) In section 25 of the Taxes Management Act 1970 (information: chargeable gains) in subsection (4) for the word "jobber" there shall be substituted the words "market maker".

(2) At the end of section 25 there shall be inserted—

"(10) In this section "market maker", in relation to shares or securities, means a person who—

(a) holds himself out at all normal times in compliance with the rules of The Stock Exchange as willing to buy and sell shares or securities of the kind concerned at a price specified by him, and

(b) is recognised as doing so by the Council of The Stock Exchange."

(3) Sub-paragraphs (1) and (2) above apply in relation to transactions on or after the day of The Stock Exchange reforms.

***Changes to legislation:** Finance Act 1986 is up to date with all changes known to be in force on or before 22 October 2026. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

F492(4) . . . . . .

F492(5) . . . . . .

Textual Amendments

F492 Sch. 18 para. 8(4)(5) omitted (with effect in accordance with Sch. 23 para. 65 of the amending Act) by virtue of Finance Act 2011 (c. 11), **Sch. 23 paras. 54**, 65(1)(a) (with Sch. 23 paras. 50, 65(1)(b))

Miscellaneous

F4939 . . . . . .

Textual Amendments

F493 Sch. 18 para. 9 repealed (19.3.1997 with effect as mentioned in Sch. 10 para. 16, Sch. 18 Pt. VI(10) Note 1 of the amending Act) by 1997 c. 16, ss. 76, 113, Sch. 10 Pt. II para. 15, **Sch. 18 Pt. VI(10)**; S.I. 1997/991, **art. 2**

General

10 (1) In this Schedule "the day of The Stock Exchange reforms" means the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.

(2) In this Schedule "recognised investment exchange" means a recognised investment exchange within the meaning of the Financial Services Act 1986.

(3) Any power to make regulations under this Schedule shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

SCHEDULE 19 Section 101.

INHERITANCE TAX

PART I

AMENDMENTS OF 1984 ACT

1 After section there shall be inserted the following section—

"**3A Potentially exempt transfers.**

(1) Any reference in this Act to a potentially exempt transfer is a reference to a transfer of value—

(a) which is made by an individual on or after 18th March 1986; and

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(b) which, apart from this section, would be a chargeable transfer (or to the extent to which, apart from this section, it would be such a transfer); and

(c) to the extent that it constitutes either a gift to another individual or a gift into an accumulation andmaintenance trust or a disabled trust;

but this subsection has effect subject to any provision of this Act which provides that a disposition (or transfer of value) of a particular description is not a potentially exempt transfer.

(2) Subject to subsection (6) below, a transfer of value falls within subsection (1)(c) above, as a gift to another individual,—

(a) to the extent that the value transferred is attributable to property which, by virtue of the transfer, becomes comprised in the estate of that other individual, otherwise than as settled property, or

(b) so far as that value is not attributable to property which becomes comprised in the estate of another person, to the extent that, by virtue of the transfer, the estate of that other individual is increased, otherwise than by an increase in the value of settled property comprised in this estate.

(3) Subject to subsection (6) below, a transfer of value falls within subsection (1)(c) above, as a gift into an accumulation and maintenance trust or a disabled trust, to the extent that the value transferred is attributable to property which, by virtue of the transfer, becomes settled property to which section 71 or 89 of this Act applies.

(4) A potentially exempt transfer which is made seven years or more before the death of the transferor is an exempt transfer and any other potentially exempt transfer is a chargeable transfer.

(5) During the period beginning on the date of a potentially exempt transfer and ending immediately before—

(a) the seventh anniversary of that date, or

(b) if it is earlier, the death of the transferor,

it shall be assumed for the purposes of this Act that the transfer will prove to be an exempt transfer.

(6) Where, under any provision of this Act, tax is in any circumstances to be charged as if a trnafer of value had been made, that transfer shall be taken to be a transfer which is not a potentially exempt transfer."

2 (1) In section 7 (rates of tax), in subsection (1)—

(a) at the beginning there shall be inserted the words "Subject to subsections (2), (4) and (5) below";

(b) for the words "ten years" there shall be substituted " seven years "; and

(c) the word "appropriate" shall be omitted.

(2) For subsection (2) of that section there shall be substituted the following subsection—

"(2) Except as provided by subsection (4) below, the tax charged on the value transferred by a chargeable transfer made before the death of the transferor shall be charged at one-half of the rate or rates referred to in subsection (1) above."

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(3) In subsection (3) of that section for the words "each of the Tables" there shall be substituted " Table ".

(4) After subsection (3) of that section there shall be inserted the following subsections—

"(4) Subject to subsection (5) below, subsection (2) does not apply in the case of a chargeable transfer made at any time within the period of seven years ending with the death of the transferor but, in the case of a chargeable transfer made within that period but more that three years before the death, the tax charged on the value transferred shall be charged at the following percentage of the rate or rates referred to in subsection (1) above—

(a) where the transfer is made more than three but not more than four years before the death, 80 per cent;

(b) where the transfer is made more than four but not more than five years before the death, 60 per cent;

(c) where the transfer is made more than five but not more than six years before the death, 40 per cent; and

(d) where the transfer is made more than six but not more than seven years before the death, 20 per cent.

(5) If, in the case of a chargeable transfer made before the death of the transferor, the tax which would fall to be charged in accordance with subsection (4) above is less than the tax which would have been chargeable (in accordance with subsection (2) above) if the transferor had not died within the period of seven years beginning with the date of the transfer, subsection (4) above shall not apply in the case of that transfer."

3 (1) In section 8 (indexation) in subsection (1) for the words "new Tables for the Tables" there shall be substituted " a new Table for the Table ".

(2) F494

(3) In subsection (2) of that section for the word "Tables", in each place where it occurs, there shall be substituted " Table " and for the words "they replace" there shall be substituted " it replaces ".

(4) In subsection (4) of that section, for the word "Tables" there shall be substituted " Table ".

Textual Amendments

F494 Sch. 19 Pt. I para. 3(2) repealed by Finance Act 1988 (c. 39, SIF 65), s. 148, **Sch. 14 Pt. X**

4 In section 9 (transitional provisions on reduction of tax) for the words "new Tables" there shall be substituted " a new Table ".

5 In section 19 (annual exemption), after subsection (3) there shall be inserted the following subsection—

"(3A) A transfer of value which is a potentially exempt transfer—

(a) shall in the first instance be left out of account for the purposes of subsections (1) to (3) above; and

(b) if it proves to be a chargeable transfer, shall for the purposes of those subsections be taken into account as if, in the year in which it was

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made, it was made later than any transfer of value which was not a potentially exempt transfer."

6 After section 26 there shall be inserted the following section—

"**26A Potentially exempt transfer of property subsequently held for national purposes etc.**

A potentially exempt transfer which would (apart from this section) have proved to be a chargeable transfer shall be an exempt transfer to the extent that the value transferred by it is attributable to property which has been or could be designated under section 31(1) below and which, during the period beginning with the date of the transfer and ending with the death of the transferor,—

(a) has been disposed of by sale of private treaty to a body mentioned in Schedule 3 to this Act or has been disposed of to such a body otherwise than by sale, or

(b) has been disposed of in pursuance of section 230 below."

7 In section 30 (conditionally exempt transfers) after subsection (3) there shall be inserted the following subsections—

"(3A) The provisions of this section shall be disregarded in determining under section 3A above whether a transfer of value is a potentially exempt transfer.

(3B) No claim may be made under subsection (1) above with respect to a potentially exempt transfer until the transferor has died.

(3C) Subsection (1) above shall not apply to a potentially exempt transfer to the extent that the value transferred by it is attributable to property which has been disposed of by sale during the period beginning with the date of the transfer and ending with the death of the transferor."

8 (1) In section 31 (designation and undertakings) after subsection (1) there shall be inserted the following subsection—

"(1A) Where the transfer of value in relation to which the claim for designation is made is a potentially exempt transfer which (apart from section 30 above) has proved to be a chargeable transfer, the question whether any property is appropriate for designation under this section shall be determined by reference to circumstances existing after the death of the transferor."

(8) After subsection (4F) of that section there shall be inserted the following subsection—

"(4G) In a case where—

(a) the transfer of a value in question is a potentially exempt transfer which, (apart from section 30 above) has proved to be a chargeable transfer, and

(b) at the time of the transferor's death an undertaking by such a person as is mentioned in section 30(1)(b) above given under paragraph 3(3) of Schedule 4 to this Act or under section 147 of the Capital Gains Tax Act 1979 is in force with respect to any property to which the value transferred by the transfer is attributable,

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that undertaking shall be treated for the purposes of this Chapter as an undertaking given under section 30 above."

9 In section 32 (chargeable events) in subsection (1) after the words "after the transfer" there shall be inserted " (or, if the transfer was a potentially exempt transfer, after the death of the transferor) ".

10 In section 32A (associated properties) in subsection (2) after the words "after the transfer" there shall be inserted " (or, if the transfer was a potentially exempt transfer, after the death of the transferor) ".

11 (1) In section 33 (amount of the charge in relation to conditionally exempt transfers) in subsection (1)(b)—

(a) in sub-paragraph (i) for the words "under the second Table in Schedule 1 to this Act" there shall be substituted " in accordance with section 7(2) above "; and

(b) in sub-paragraph (ii) for the words "under the appropriate Table" there shall be substituted " in accordance with the appropriate provision of section 7 above ".

(2) For subsection (2) of that section there shall be substituted the following subsections—

"(2) For the purposes of subsection (1)(b)(ii) above the appropriate provision of section 7 above is—

(a) if the conditionally exempt transfer by the relevant person made on eath (but the property was not treated as forming part of his estate immediately before his death only by virtue of section 102(3) of the Finance Act 1986) subsection (1) of section 7; and

(b) in any other case, subsection (2) of section 7.

(2A) The rate or rates of tax determined under subsection (1)(b)(i) above in respect of any charegable event shall not be affected by the death of the relevant person after that event.".

(3) In subsection (7) of that section at the beginning there shall be inserted the words " Subject to subsection (8) below ".

(4) After that subsection there shall be added the following subsection—

"(8) Where after a conditionally exempt trnafer of any property there is a potentially exempt transfer the value transferred by which is w h olly or partly attributable to that property and either—

(a) the potentially exempt transfer is a chargeable event with respect to the property, or

(b) after the potentially exempt transfer, but before the death of the person who is the transferor in relation to the potentially exempt transfer, a chargeable event occurs with respect to the property,

the tax charged in accordance with this section by reference to that chargeable event shall be allowed as a credit against any tax which may become chargeable, by reason of the potentially exempt transfer proving to be a chargeable transfer, on so much of the value transferred by that transfer as is attributable to the property; and subsection (7) above shall not apply with respect to any tax so becoming chargeable."

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12 In section 35 (conditional exemption on death before 7th April 1976) in subsection (3) for the words "section 33(7) above, the reference" there shall be substituted " section 33(7) and (8) above, references ", and for the words "includes a reference" there shall be substituted " include references ".

13 In section 38 (attribution of value to specific gifts) in subsection (6) after the words "section 5(5) above" there shall be inserted " or by virtue of section 103 of the Finance Act 1986 " and at the end of that subsection there shall be added " and, to the extent that any liability of the transferor is abated under the said section 103, that liability shall be treated as a specific gift ".

14 *At the end of section 49 (treatment of interests in possession) there shall be added the following subsection—* **[***F495For text see IHTA 1984 s. 49(3).***]**

Textual Amendments

F495 Repealed by Finance Act 1987 (No. 2) (c. 51, SIF 63:1), s. 96(4)(5) respectively and Sch. 9, Part III in relation to transfers of value made on or after 17 March 1987.

15 *In section 55 (reversionary interst acquired by beneficiary) at the end of subsection (2) there shall be added "and such a dispostition is not a potentially exempt transfer".* ***F496***

Textual Amendments

F496 Repealed by Finance Act 1987 (No. 2) (c. 51, SIF 63:1), s. 96(4)(5) respectively and Sch. 9, Part III in relation to transfers of value made on or after 17 March 1987.

16 (1) In section 66 (rate of ten-yearly charge) in subsection (3)(b) for the words "preceding ten years" there shall be substituted " preceding seven years ".

(2) For paragraph (c) of subsection (3) of that section there shall be substituted—

"(c) on which tax is charged in accordance with section 7(2) of this Act".

(3) In subsection (5)(a) of that section for the word "ten" there shall be substituted " seven ".

17 In section 67 (added property etc.) in subsections (3)(b) and (4) for the word "ten" there shall be substituted " seven ".

18 (1) In section 68 (rate before first-year anniversary) in subsection (4)(b) for the word "ten", in both places where it occurs, there shall be substituted " seven ".

(2) For paragraph (c) of subsection (4) and for paragraph (c) of subsection (6) of that section there shall be substituted—

"(c) on which tax is charged in accordance with section 7(2) of this Act".

(3) In subsection (6)(b) of that section—

(a) for the word "ten", in the first place where it occurs, there shall be substituted " seven "; and

(b) in sub-paragraph (i) for the words "that period of ten years" there shall be substituted " the period of ten years ending with that day ".

19 (1) In section 78 (conditionally exempt occasions) in subsection (4) for the words from "and the appropriate Table" to the end there shall be substituted " and the appropriate

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provision of section 7 for the purposes of section 33(1)(b)(ii) is, if the settlement was created on his death, subsection (1) and, if not, subsection (2). ”

(2) In subsection (5) of that section, in the substituted sub-paragraph (ii) for section 33(1)(b), for the words “under the appropriate Table” there shall be substituted “ in accordance with the appropriate provision of section 7 above. ”

20 At the end of section 98 (effect of alteration of capital of close company etc.) there shall be added the following subsection—

“(3) The disposition referred to in subsection (1) above shall be ataken to be one which is not a potentially exempt transfer.”

21 After section 113 there shall be inserted the following sections—

“**113A Transfers within seven years before death of transferor.**

(1) Where any part of the value transferred by a potentially exempt transfer which proves to be a chargeable transfer would (apart from this section) be reduced in accordance with the preceding provisions of this Chapter, it shall not be so reduced unless the conditions in subsection (3) are satisfied.

(2) Where—

(a) any part of the value transferred by any chargeable transfer, other than a potentially exempt transfer, is reduced in accordance with the preceding provisions of this Chapter, and

(b) the transfer is made within seven years of the death of the transferor,

then, unless the conditions in subsection (3) are satisfied, the additional tax chargeable by reason of the death shall be calculated as if the value transferred had not been so reduced.

(3) The conditions referred to in subsections (1) and (2) above are—

(a) that the original property was owned by the transferee throughout the period beginning with the date of the chargeable transfer and ending with the death of the transferor; and

(b) that, in relation to a notional transfer of value made by the transferee immediately before the death, the original property would (apart from section 106 above) be relevant business property.

(4) If the transferee has dies before the transferor, the reference in subsection (3) above to the death of the transferor shall have effect as a reference to the death of the transferee.

(5) If the conditions in subsection (3) above are satisfied only with respect to part of the orginal property, then—

(a) in a case falling within subsection (1) above, only a proprtionate part of so much of the value tranferred as is attributable to the original property shall be reduced in accordance with the preceding provisions of this Chapter, and

(a) in a case falling within subsection (2) above, the additional tax shall be calculated as if only a proportionate part of so much of the value transferred was attributable to the original property had been so reduced.

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(6) Where any shares owned by the transferee immediately before the death in question—

(a) would under any of the provisions of sections 77 to 86 of the Capital Gains Tax Act 1979 be identified with the original property (or part of it), or

(b) were issued to him in consideration of the transfer of a business or interest in a business consisting of the original property (or part of it),

they shall be treated for the purposes of this section as if they were the original property (or that part of it).

(7) This section has effect subject to section 113B below.

(8) In this section—

"the original property" means the property which was relevant business property in relation to the chargeable transfer referred to in subsection (1) or subsection (2) above; and

"the transferee" means the person whose property the original property became on that chargeable transfer or, where on the transfer the original property became or remained settled property in which no qualifying interest in possession (within the meaning of Chapter III of Part III of this Act) subsists, the trustees of the settlement.

113B Applciation of section 113A to replacement property.

(1) Subject to subsection (2) below, this section applies where—

(a) the transferee has disposed of all or part of the original property before the death of the transferor; and

(b) the whole of the consideration received by him for the disposal has been applies by him in acquiring other property (in this section referred to as "the replacement property").

(2) This section does not apply unless—

(a) the replacement property is acquired, or binding contract for its acquisition is entered into, within twelve months after the disposal of the original property (or, as the case may be, the part concerned); and

(b) the disposal and acquisition are both made in transactions at arm's length or on terms such as might be expected to be included in a transaction at arm's length.

(3) Where this section applies, the conditions in section 113A(3) above shall be taken to be satisfied in relation ro the original proeprty (or, as the case may be, the part concerned) if—

(a) the replacement property is owned by the transferee immediately before the death of the transferor; and

(b) throughout the period beginning with the date of the chargeable transfer and ending with the death (disregarding any period between the disposal and acquisition) either the original property or the replacement property was owned by the transferee; and

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(c) in relation to notional transfer of value made by the transferee immediately before the death, the replacement property would (apart from section 106 above) be relevant business property.

(4) If the transferee has dies before the transferor, any reference in subsections (1) to (3) above to the death of the transferor shall have effect as a reference to the death of the transferee.

(5) In any case where—

(a) all or part of the original property has been disposed of before the death of the transferor or is excluded by section 113 above from being relevant business property in relation to the notional transfer of value referred to in section 113A(b) abvoe, and

(b) the replacement property is acquired, or a binding contract for its acquisition is entered into, after the death of the transferor but within twelve months after the disposal of the original property or part, and

(c) the transferor dies before the transferee,

subsection (3) above shall have effect with the omission of paragraph (a), and as if any reference to a time immediately before the death of the transferor or to the death were a reference to the time when the replacement property is acquired.

(6) Section 113A(6) above shall have effect in relation to the replacement property as it has effect in relation to the original property.

(7) Where a binding contract for the disposal of any property is entered into at any time before the disposal of the property, the disposal shall be regarded for the purposes of subections (2)(a) and (5)(b) above as taking place at that time.

(8) In this section "the original property" and "the transferee" have the same meaning as in section 113A above."

22 After section 124 there shall be inserted the following sections—

"**124A Transfers within seven years before the death of the transferor.**

(1) Where any part of the value transferred by a potentially exempt transfer which proves to be a chargeable transfer would (apart from this section) be reduced in accordance with the preceding provisions of this Chapter, it shall be is reduced unless the conditions in subsection (3) below are satisfied.

(2) Where—

(a) any part of the value transfered by any chargeable transfer, other than a potentially exempt transfer, is reduced in accordance with the preceding provisions of this Chapter, and

(b) the transfer is made within seven years of the death of the transferor,

then, unless the conditions in subsection (3) below are satisfied, the additional tax chargeable by reason of the death shall be calculated as if the value transferred had not been so reduced.

(3) The conditions referred to in subsections (1) and (2) are—

(a) that the original property was owned by the transferee throughout the period beginning with the date of the chargeable transfer and

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ending with the death of the transferor (in this subsection referred to as "the relevant period") and it is not at the time of the death subject to a binding contract for sale; and

(b) except in a case falling within paragraph (c) below, that the original property is agricultural property immediately before the death and has been occupied (by the transferee or another) for the purpsoes of agriculture throughout the relevant period; and

(c) where the original property consists of shares in or securities of a company, that throughout the relevant period the agricultural property to which section 116 above applies by virtue of section 122(1) above on the chargeable transfer was owned by the company and occupied (by the company or another) for the purposes of agriculture.

(4) If the transferee has died before the transferor, the reference in subsection (3) above to the death of the transferor shall have effect as a reference to the death of the transferee.

(5) If the conditions in subsection (3) above are satisfied only with respect to part of the orginal property, then,—

(a) in a case falling within subsection (1) abvoe, only a proportionate part of so much of the value transferred as is attributable to the original property shall be reduced in accordance with the preceding provisions of this Chapter, and

(b) in a case falling within subsection (2) above, the additional tax shall be calculated as if only a proprtionate part of so much of the value transferred as was attributable to the orginal property had been so reduced.

(6) Where any shares owned by the transferee immediately before the death in question—

(a) would under any of the provisions of section 77 to 86 of the Capital Gains Tax Act 1979 be identified with the original property (or part of it), or

(b) were issued to him in consideration of the transfer of agricultural property consisting of the orginal property or (part of it),

they shall be treated for the purposes of this section as if they were the orginal property (or part of it).

(7) This section has effect subject to section 124B below.

(8) In this section—

"the prginal property" means the property which, in relation to the chargeable transfer referred to in subsection (1) or subsection (2) above, was either agricultural property to which section 116 above applied or shares or securities of a company owning agricultural property to which that section applies by virtue of section 122(1) above; and

"the transferee" means the person whose property the original property became on that chargeable transfer or, where on the transfer the original property became or remained settled property in which no qualifying interest in possession (within the meaning of Chapter III of Part III of this Act) subsists, the trustees of the settlement.

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124B Application of section 124A to replacement property.

(1) Subject to subsection (2) below, this section applies where—

(a) the transferee has disposed of all or part of the original property before the death of the transferor; and

(b) the whole of the consideration received by him for the disposal has been applied by him in acquiring other property (in this section referred to as "the replacement property").

(2) This section does not apply unless—

(a) the replacement property is acquired, or binding contract for its acquisition is entered into, within twelve months after the disposal of the original property (or, as the case may be, the part concerned); and

(b) the disposal and acquisition are both made in transactions at arm's length or on terms such as might be expected to be included in a transaction at arm's length.

(3) Where this section applies, the conditions in section 124A(3) above shall be taken to be satisfied in relation to the original property (or, as the case may be, the part concerned) if—

(a) the replacement property is owned by the transferee immediately before the death of the transferor and is not at that time subject to a binding contract for sale; and

(b) throughout the period beginning with the date of the chargeable transfer and ending with the disposal, the original property was owned by the transferee and occupied (by the transferee or another) for the purposes of agriculture; and

(c) throughout the period beginning with the date when the transferee acquired the replacement property and ending with the death, the replacement property was owned by the transferee and occupied (by the transferee or another) for the purposes of agriculture; and

(d) the replacement property is agricultural property immediately before the death.

(4) If the transferee has dies before the transferor, any reference in subsections (1) to (3) above to the death of the transferor shall have effect as a reference to the death of the transferee.

(5) In any case where—

(a) all or part of the original property has been disposed of before the death of the transferor or is subject to a binding contract for sale at the time of the death, and

(b) the replacement property is acquired, or a binding contract for its acquisition is entered into, after the death of the transferor but within twelve months after the disposal of the original property or part, and

(c) the transferor dies before the transferee,

subsection (3) above shall have effect with the omission of paragraphs (a) and (c), and as if any reference to a time immediately before the death of the transferor were a reference to the time when the replacement property is acquired.

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(6) Section 124A(6) above shall have effect in relation to the replacement property as it has effect in relation to the original property.

(7) Where a binding contract for the disposal of any property is entered into at any time before the disposal of the property, the disposal shall be regarded for the purposes of subsections (2)(a) and (5)(b) above as taking place at that time.

(8) In this section "the original property" and "the transferee" have the same meaning as in section 124A above."

23 (1) In section 131 (relief in respect of additional tax payable on transfers within three years of death), in subsection (1) for the words from "(by virtue" to "transfer and" there shall be substituted " because of the transferor's death within seven years of the transfer, tax becomes chargeable in respect of the value transferred by a potentially exempt transfer or (by virtue of section 7(4) above) additional tax becomes chargeable in respect of the value transferred by any other chargeable transfer and (in either case) ".

(2) In subsection (2) of that section for the words "additional tax" in each place where they occur, there shall be substituted " the tax or, as the case may be, additional tax ".

(3) After that subsection there shall be inserted the following subsection—

"(2A) Where so much of the value transferred as is attributable to the value, or agricultural value, of the transferred property is reduced by any percentage (in this subsection referred to as "the appropriate percentage"), in accordance with Chapter I of thi Part of this Act, references in subsection (2) above to the market value of the transferred property at any time shall have effect—

(a) in a case within chapter I, as references to that market value reduced by the appropriate percentage; and

(b) in a case within Chapter II, as references to that market value less the appropriate percentage of the agricultural value of the transferred property at that time."

24 In section 142 (alteration of dispositions taking effect on death) at the end of subsection (5) there shall be added " or section 102 of the Finance Act 1986 ".

25 Sections 148 and 149 (exemptions for mutual transfers) shall not apply if the donee's transfer (as defined in section 148) is made on or after 18th March 1986.

26 In section 199 (liability for tax etc. on dispositions by transferor) for subsection (2) there shall be substituted the following subsection—

"(2) Subsection (1)(a) above shall apply in relation to—

(a) the tax on the value transferred by a potentially exempt transfer; and

(b) so much of the tax on the value transferred by any other chargeable transfer made within seven years of the transferor's death as exceeds what it would have been had the transferor died more than seven years after the transfer,

with the substitution for the reference to the transferor of a reference to his personal representatives."

27 In section 201 (liability for tax in respect of settled property), in subsection (2) for the words "three years", in each place where they occur, there shall be substituted " seven years ".

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28 (1) In section 204 (limitation of liability), subsection (4) shall be omitted.

(2) In subsection (6)(a) of that section, after the word "transferor" there shall be inserted " or personal representative of the transferor ".

(3) For subsection (7) of that section there shall be substituted the following subsections—

"(7>) Where the tax exceeds what it would have been had the transferor dies more than seven years after the transfer, subsection (6) above shall not apply in relation to the excess.

(8) A person liable by virtue of section 199(2) above for any tax as personal representative of the transferor shall be liable only to the extent that either—

(a) in consequence of subsections (2), (3) and (5) above, no person falling within paragraphs (b) to (d) of section 199(1) above is liable for the tax, or

(b) the tax remains unpaid twelve months after the end of the month in which the death of the transferor occurs,

and, subject to that, shall be liable to the extent of the assets mentioned in subsection (1) above.

(9) Where by virtue of subsection (3) of section 102 of the Finance Act 1986 the estate of a deceased person is treated as including property which would not apart from that subsection form part of his estate, a person shall be liable under section 200(1)(a) above as personal representatice for tax attributable to the value of the property only if the tax remains unpaid twelve months after the end of the month in which the death occurs and, subject to that, only to the extent of the assets mentioned in subsection (1) above."

29 (1) In section 216 (delivery of accounts) in subsection (1) after paragraph (b) there shall be inserted the following paragraphs—

"(bb) is liable under section 199(1)(b) above for tax on the value transferred by a potentially exempt transfer which proves to be a chargeable transfer, or would be so liable if tax were chargeable on that value, or

(bc) is liable under section 200(1)(c) above for tax on the value transferred by a chargeable transfer made on death, so far as the tax is attributable to the value of the property which, apart from section 102(3) of the Finance Act 1986, would not form part of the deceased's estate, or would be so liable if tax were chargeable on the value transferred on the death, or"

(2) In subsection (3) of that section after the words "his death" there shall be inserted " other than property which would not, apart from section 102(3) of the Finance Act 1986, form part of his estate ".

(3) In subsection (6) of that section after paragraph (a) there shall be inserted the following paragraphs—

"(aa) in the case of an account to be delivered by a person within subsection (1)(bb) above, before the expiration ot the period of twelve months from the end of the month in which the death occurs;

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(ab) in the case of an account to be delivered by a person within subsection (1)(bc) above, before the expiration of the period of twelve months from the end of the month in which the death occurs".

30 (1) In section 226 (payment: general rules), in subsection (3) for the words "three years", in each place where they occur, there shall be substituted " seven years ".

(2) After subsection (3) of that subsection there shall be inserted the following subsections—

"(3A) Without prejudice to subsection (3) above, the tax chargeable on the value transferred by a potentially exempt transfer which proves to be a chargeable transfer shall be due six months after the end of the month in which the transferor's death occurs.

(3B) So much (if any) of the tax chargeable on the value transferred by a chargeable transfer made under Chapter III of Part III of this Act within the period of seven years ending with the settlor's death as exceeds what it would have been had the settllor died more than seven years after the date of the transfer shall be due six months after the end of the month in which the death occurs."

31 (1) In section 227 (payment by instalments) after subsection (1) there shall be inserted the following subsections—

"(1A) Subsection (1) above does not apply to tax payable on the value transferred by a potentially exempt transfer which proves to be a chargeable transfer, except to the extent that the tax is attributable to qualifying property which is owned by the transferee immediately before the death of the transferor (or, if earlier, his own death).

(1B) In subsection (1A) above "the transferee" means the person whose property the qualifying property became on the transfer or, where on the transfer the qualifying property became comprised in a settlement in which no qualifying interest in possession (within the meaning of Chapter III of Part III of this Act) subsists, the trustees of the settlement."

(2) In subsection (5) of that section after the words "subsection (1)(b) above" there shall be inserted " other than a case within subsection (1A) above where the transferee dies before the transferor ".

32 *In section 233 (interest on unpaid tax) in subsection (2) for paragraphs (a) and (b) there shall be substituted— **[**F497For substitution see IHTA 1985 s. 233(2)(a) and (b)**]***

Textual Amendments

F497 Repealed by Finance Act 1989 (c.26, SIF 63:1, 2), **s. 187** and Sch. 17, Part X and S.I. 1989 No. 1298 with effect from 18 August 1989.

33 (1) In section 236 (application of section 233 in special cases etc.), in subsection (1)(a), for the words "three years", in each place where they occur, there shall be substituted " seven years ".

(2) After subsection (1) of that section there shall be inserted the following subsection—

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"(1A) Section 233 above shall apply in relation to the amount (if any) by which—

(a) the tax chargeable on the value transferred by a chargeable transfer made under Chapter III of Part III of this Act within the period of seven years ending with the settlor's death,

exceeds

(b) what that tax would have been had the settlor dies more than seven years after the date of the transfer,

as if the chargeable transfer had been made on the death of the settlor."

34 In section 237 (imposition of charge) after subsection (3) there shall be inserted the following subsection—

"(3A) In the case of a potentially exempt transfer which proves to be a chargeable transfer—

(a) property concerned, or an interest in property concerned, which has been disposed of to a purchaser before the transferor's death is not subject to the Inland Revenue charge, but

(b) property concerned which has been otherwise disposed of before the death and property which at the death represents any property or interest falling within paragraph (a) above shall be subject to the charge;

and in this subsection "property concerned" means property to the value of which the value transferred by the transfer is wholly or partly attributable."

35 In section 239 (certificates of discharge) after subsection (2) there shallbe inserted the following subsection—

"(2A) An application under subsection (1) or (2) above with respect to tax which is or may become chargeable on the value trnaferred by a potentially exempt transfer may not be made before the expiration of two years from the death of the transferor (except where the Board think fit to entertain the application an earlier time after the death)."

36 For Schedule 1 (rates of tax) there shall be substituted—

"SCHEDULE 1

TABLE OF RATES OF TAX

Portion	**of value**	**Rate of tax**
Lower limit	*Upper limit*	*Per cent*
£	£	
0	71,000	Nil
71,000	95,000	30
95,000	129,000	35
129,000	164,000	40
164,000	206,000	45
206,000	257,000	50

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257,000	317,000	55
317,000	–	60”

37 (1) In Schedule 2 (provisions applying on reduction of tax),—

(a) for the words “new Tables”, wherever occurring, there shall be substituted “ a new Table ”; and

(b) for the words “the Tables”, wherver occurring, there shall be substituted “ the Table ”.

(2) In paragraph (1)(b) of that Schedule for the word “come” there shall be substituted “ comes ”.

(3) After paragraph 1 of that Schedule there shall be inserted the following paragraph—

“ Death within seven years of potentially exempt transfer

1A. Where a person who has made a potentially exempt transfer before a reduction dies after that reduction (or after that and one or more subsequent reductions) and within the period of seven years beginning with the date of the transfer, tax shall be chargeable by reason of the transfer proving to be a chargeable transfer only if, and to the extent that, it would have been so chargeable if the Table in Schedule 1 as substituted by that reduction (or by the most recent of those reductions) had applies to that transfer.”

(4) In paragraph 2 of that Schedule,—

(a) for the words “three years”, wherever occurring, there shall be substituted “ seven years ”; and

(b) after the words “chargeable transfer” there shall be inserted “ (other than a potentially exempt transfer) ”; and

(c) the words “the first of” shall be omitted.

(5) In paragraph 3 of that Schedule, the words “the second of” shall be omitted.

(6) In paragraph 4 of that Schedule, the words “the first of” shall be omitted.

38 (1) In Schedule 4 (maintenance funds for historic buildings etc.) in paragraph 14 (rates of charge) in sub-paragraphs (1) to (3), for the words “under the appropriate Table”, wherever occurring, there shall be substituted “ in accordance with the appropriate provision of section 7 of this Act ”.

(2) After sub-paragraph (1) of that paragraph there shall be inserted the following sub-paragraph—

“(1A) The rate of tax determined under sub-paragraph (1) above in respect of any occasion shall not be affected by the death of the settlor after that occasion.”

(3) In sub-paragraph (6) of that paragraph for the words “ten years” there shall be substituted “ seven years ”.

(4) For sub-paragraph (9) of that paragraph there shall be substituted the following sub-paragraph—

“(9) For the purposes of sub-paragraph (1) above the appropriate provision of section 7 of this Act is subsection (2), and for the purposes of sub-paragraphs

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(2) and (3) above it is (if the settlement was made on death) subsection (1) and (if not) subsection (2)."

39 In Schedule 6 (transition from estate duty) in paragraph 4(3) after the words "sections 33(7)" there shall be inserted the words " and (8). "

PART II

TRANSITIONAL PROVISIONS

40 (1) Notwithstanding that Part of this Schedule has effect with respect to events occurring on or after 18th March 1986, where a death or other event occurs on or after that date, nothing in that Part shall affect the tax chargeable on a transfer of value occurring before that date.

(2) Sub-paragraph (1) above does not authorise the making of a claim under section 149 of the 1984 Act where the donee's transfer, as defined in section 148 of that Act, occurs on or after 18th March 1986.

41 Where tax is chargeable under section 32 or section 32A of the 1984 Act by reason of a chargeable event occurring on or after 18th March 1986 and the rate or rates at which it is charged fall to be determined under the provisions of section 33(1)(b)(ii) of the 1984 Act by reference to a death which occurred before that date, those provisions shall apply (subject to paragraph 5 of Schedule 2 to that Act) as if the amendments of section 7 of, and Schedule 1 to, that Act contained in Part I of this Schedule had been in force at the time of the death.

42 Where tax is chargeable under paragraph 8 of Schedule 4 to the 1984 Act on any occasion on or after 18th March 1986 and the rate at which it is charged falls to be determined under paragraph 14 of that Schedule by reference to a death which occurred before that date, that paragraph shall apply (subject to paragraph 6 of Schedule 2 to the 1984 Act) as if the amendments of section 7 of, and Schedule 2 to, the 1984 Act contained in Part I of this Schedule had been in force at the time of the death.

43 (1) This paragraph applies if, in the case of a settlement,—

(a) tax is charged under section 65 of the 1984 Act on an occasion falling on or after 18th March 1986; and

(b) the rate at which tax is so charged falls to be determined under section 69 of that Act (rate between ten-year anniversaries) by reference to the rate (in this paragraph referred to as "the last ten-year rate") at which tax was last charged under section 64 of that Act (or would have been charged apart from section 66(2) there of); and

(c) the most recent ten-year anniversary fell before 18th March 1986.

(2) For the purpose of determining the rate at which tax is charged on the occasion referred to in sub-paragraph (1)(a) above, it shall be assumed that the last ten-year rate was what that rate would have been if, immediately before the ten-year anniversary referred to in sub-paragraph (1)(c) above, the amendments of sections 66 and 67 of the 1984 Act contained in Part I of this Schedule had been in force.

(3) Where this paragraph applies, paragraph 3 of Schedule 2 to the 1984 Act shall have effect as if—

(a) references to a reduction included reference to a reduction by the substitution of a new Table in Schedule 1 to the 1984 Act; and

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(b) in relation to a reduction resulting from the subsitution of such a new Table, the reference to the second of the Tbles in Schedule 1 to the 1984 Act were a reference to a Table in which the rates of tax were one-half of those specified in the new Table.

(4) In this paragraph "ten-year anniversary" has the same meannig as in Chapter III of Part III of the 1984 Act.

44 In relation to a death on or after 18th March 1986, paragraph 2 of Schedule 2 to the 1984 Act (provisions applying on reduction of tax) shall have effect, in a case where the chargeable transfer in question was made before 18th March 1986, as if—

(a) references to a reduction included references to a reduction by the substitution of a new Table in Schedule 1 to the 1984 Act; and

(b) the Tble in Schedule 1 to the Act was the first Table in that Schedule.

45 In relation to a disposal of trees or underwood on or after 18th March 1986, paragraph 4 of Schedule 2 to the 1984 Act shall have effect, in a case where the death in question occurred before 18th March 1986, as mentioned in paragraphs (a) and (b) of paragraph 44 above.

46 Notwithstanding anything in section 3A of the 1984 Act, a transfer of value which is made on or after 1st July 1986 and which, by virtue of subsection (4) of section 49 of the [M61]Finance Act 1975 (transitional provision relating to estate duty deferment in respect of timber etc.), brings to an end of the period during which estate duty is payable on the net moneys received from the sale of timber etc. is not a potentially exempt transfer **[**[F498]to the extent that the value transferred is attributable to the land concerned**]**.

Textual Amendments

F498 Words in Sch. 19 para. 46 inserted (with effect in accordance with art. 3 of the amending S.I.) by The Enactment of Extra-Statutory Concessions Order 2017 (S.I. 2017/495), arts. 1, **2**

Marginal Citations

M61 1975 c. 7.

SCHEDULE 20 Section 102.

GIFTS WITH RESERVATION

Interpretation and application

1 (1) In this Schedule—

"the material date", in relation to any property means, in the case of property falling within subsection (3) of the principal section, the date of the donor's death and, in the case of property falling within subsection (4) of that section, the date on which the property ceases to be a property subject to a reservation;

"the principal section" means section 102 of this Act; and

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"property subject to reservation" has the same meaning as in the principal section.

(2) Any reference in this Schedule to a disposal by way of gift is a reference to such a disposal which is made on or after 18th March 1986.

(3) This Schedule has effect for the purposes of the principal section and the 1984 Act.

2 (1) Where the disposal by way of gift and, at any time before the material date, the donee ceases to have possession and enjoyment of any of the property comprised in the gift, then on and after that time the principal section and the following provisions of this Schedule shall apply as if the property, if any, received by the donee in substitution for that property had been comprised in the gift instead of that property (but in addition to any other property comprised in the gift).

(2) This paragraph does not apply if the property disposed of by the gift—

(a) becomes settled property by virtue of the gift; or

(b) is a sum of money in sterling or any other currency.

(3) In sub-paragraph (1) above the reference to the property received by the donee in substitution for property comprised in the gift includes in particular—

(a) in relation to property sold, exchanged or otherwise disposed of by the donee, any benefit received by him by way if consideration for the sale, exchange or other disposition; and

(b) in relation to a debt or security, any benefit received by the donee in or towards the satisfaction or redemption thereof; and

(c) in relation to any right to acquire property, any property acquired in pursuance of that right.

(4) Where, at a time before the material date, the donee makes a gift of property comprised in the gift to him, or otherwise voluntarily divests himself of such property otherwise than for a consideration in money or money's worth not less than the value of the property at that time, then, unless he does so in favour of the donor, he shall be treated for the purposes of the principal section and sub-paragraph (1) above as continuing to have possession and enjoyment of that property.

(5) For the purposes of sub-paragraph (4) above—

(a) a disposition made by the donee by agreement shall not be deemed to be made voluntarily if it made to any authority who, when the agreement is made, is authorised by, or is or can be authorised under, any enactment to acquire the property compulsorily; and

(b) a donee shall be treated as divesting himself, voluntarily and without consideration, of any interest in property which merges or is extinguished in another interest held or acquired by him in the same property.

(6) Where any shares in or debentures of a body corporate are comprised in a gift and the donee is, as the holder if those shares or debentures, issued with shares in or debentures of the same or any corporate, or granted any right to acquire any such shares or debentures, then, unless the issue or grant is made by way of exchange for the first-mentioned shares or debentures, the shares or debentures so issued, or the right granted, shall be treated for the purposes of the principal section and this Schedule as having been comprised in the gift in addition to any other property so comprised.

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(7) In sub-paragraph (6) above the reference to an issue being made or right being granted to the donee as the holder of shares or debentures shall be taken to include any case in which an issue or grant is made to him as having been the holder of those shares or debentures, or is made to him in pursuance of an offer or invitation made to him as being or having been the holder of those shares or debentures, or of an offer or invitation in connection with which any preference is given to him as being or having been the holder thereof.

3 (1) Where either sub-paragraph (3)(c) or sub-paragraph (6) of paragraph 2 above applies to determine, for the purposes of the principal section, the property comprised in a gift made by the donor—

(a) the value of any consideration in money or money's worth given by the donee for the acquisition in pursuance of the right referred to in the said sub-paragraph (3)(c) or for the issue or grant referred to in the said sub-paragraph (6), as the case may be, shall be allowed as a deduction in valuing the property comprised in the gift at any time after the consideration is given, but

(b) if any part (not being a sum of money) of that consideration consists of property comprised in the same as another gift from the donor and treated for the purposes of the 1984 Act as forming part of the donor's estate immediately before his death or as being attributable to the value transferred by a potentially exempt transfer made by him, no deduction shall be made in respect of it under this sub-paragraph.

(2) For the purposes of sub-paragraph (1) above, there shall be left out of account so much (if any) of the consideration for any shares in debentures of a body corporate, or for the grant of any right to be issued with any shares or debentures, as consists in the capitalisation of reserves of that body corporate, or in the retention by that body corporate, by way of set-off or otherwise, of any property distributable by it, or is otherwise provided directly or indirectly out of the assets or at the expenses of that or any associated body corporate.

(3) For the purposes of sub-paragraph (2) above, two bodies corporate shall be deemed to be associated as if one has control of the other or if another person has control of both.

Donee predeceasing the material date

4 Where there is a disposal by way of gift and the donee dies before the date which is the material date in relation to any property comprised in the gift, paragraphs 2 and 3 above shall apply as if—

(a) he had not dies and the acts of his personal representatives were his acts; and

(b) property taken by another person under his testamentary dispositions or his intestacy (or partial intestacy) were taken under a gift made by him at the time of his death.

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I[F499] Termination of interests in possession

Textual Amendments

F499 Sch. 20 para. 4A and cross-heading inserted (retrospective to 22.3.2006) by Finance Act 2006 (c. 25), **Sch. 20 para. 33(3)**(4) (with Sch. 20 para. 33(4))

4A (1) This paragraph applies where—

(a) under section 102ZA of this Act, an individual ("D") is taken to dispose of property by way of gift, and

(b) the property continues to be settled property immediately after the disposal.

(2) Paragraphs 2 to 4 above shall not apply but, subject to the following provisions of this paragraph, the principal section and the following provisions of this Schedule shall apply as if the property comprised in the gift consisted of the property comprised in the settlement on the material date, except in so far as that property neither is, nor represents, nor is derived from, property originally comprised in the gift.

(3) Any property which—

(a) on the material date is comprised in the settlement, and

(b) is derived, directly or indirectly, from a loan made by D to the trustees of the settlement,

shall be treated for the purposes of sub-paragraph (2) above as derived from property originally comprised in the gift.

(4) If the settlement comes to an end at some time before the material date as respects all or any of the property which, if D had died immediately before that time, would be treated as comprised in the gift,—

(a) the property in question, other than property to which D then becomes absolutely and beneficially entitled in possession, and

(b) any consideration (not consisting of rights under the settlement) given by D for any of the property to which D so becomes entitled,

shall be treated as comprised in the gift (in addition to any other property so comprised).

(5) Where, under any trust or power relating to settled property, income arising from that property after the material date is accumulated, the accumulations shall not be treated for the purposes of sub-paragraph (2) above as derived from that property.**]**

Settled gifts

5 (1) Where there is a disposal by way of gift and the property comprised in the gift becomes settled property by virtue of the gift, paragraphs 2 to 4 above shall not apply but, subject to the following provisions of this paragraph, the principal section and the following provisions of this Schedule shall apply as if the property comprised in the gift consisted of the property comprised in the settlement on the material date, except in so far as that property neither is, not represents, nor is derived from, property originally comprised in the gift.

(2) If the settlement comes to an end at some time before the material date as respects all or any of the property which, if the donor had dies immediately before that time, would be treated as comprised in the gift,—

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(a) the property in question other than property to which the donor then becomes absolutely and beneficially entitled in possession, and

(b) any consideration (not consisting of rights under the settlement) given by the donor for any purposes of the property to which he so becomes entitled,

shall be treated as comprised in the gift (in addition to any other property so comprised).

(3) Where property comprised in a gift does not become settled property by virtue of the gift, but is before the material date settled by the donee, sub-paragraphs (1) and (2) above shall apply in relation to property comprised in the settlement as if the settlement had been made by the gift; and for this purpose property which becomes settled property under any testamentary disposition of the donee or on his intestacy (or partial intestacy) shall be treated as settled by him.

(4) Where property comprised in a gift becomes settled property either by virtue of the gift or as mentioned in sub-paragraph (3) above, any property which—

(a) on the material date is comprised in the settlement, and

(b) is derived, directly or indirectly, from a loan made by the donor to the trustees of the settlement,

shall be treated for the purposes of sub-paragraph (1) above as derived from property originally comprised in the gift.

(5) Where, under any trust or power relating to settled property, income arising from that property after the material date is accumulated, the accumulations shall not be treated for the purposes of sub-paragraph (1) above as derived from that property.

Exclusion of benefit

6 (1) In determining whether any property which is disposed of by way of gift is enjoyed to the entire exclusion, or virtually to the entire exclusion, of the donor and of any benefit to him by contract or otherwise—

(a) in the case of property which is an interest in land or a chattel, retention or assumption by the donor of actual occupation of the land or actual enjoyment of an incorporeal right over the land, or actual possession of the chattel shall be disregarded if it is for full consideration in money or money's worth;

(b) in the case of property which is an interest in land, any occupation by the donor of the whole or any part of the land shall be disregarded if—

(i) it results from a change in circumstances of the donor since the time of the gift, being a change which was unforseen at the time and was not brought about by the donor to receive the benefit of this provision; and

(ii) it occurs at a time when the donor has become unable to maintain himself through old age, infirmity or otherwise; and

(iii) it represents a reasonable provision by the donee for the care and maintenance of the donor; and

(iv) the donee is a relative of the donor or his spouse **[**F500or civil partner**]**;

(c) a benefit which the donor obtained by virtue of any associated operations (as defined in section 268 of the 1984 Act) of which the disposal by way of gift is one shall be treated as a benefit to him by contract or otherwise.

(2) Any question whether any property comprised in a gift was at any time enjoyed to the entire exclusion, or virtually to the entire exclusion, of the donor and of the

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benefit to him shall (so far as that question depends upon the identity of the property) be determind by reference to the property which is at that time treated as property comprised in the gift.

(3) In the application of this paragraph to Scotland, references to a chattel shall be construed as references to a corporeal moveable.

Textual Amendments

F500 Words in Sch. 20 para. 6(1)(b)(iv) inserted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), regs. 1(1), **46**

7 (1) Where arrangements are entered into under which—

(a) there is a disposal by way of gift which consists of or includes, or is made in connection with, a policy of insurance on the life of the donor or his spouse **[**F501or civil partner**]** or on their joint lives, and

(b) the benefits which will or may accrue to the donee as a result of the gift vary by reference to benefits accruing to the donor or his spouse **[**F501or civil partner**]** (or both of them) under that policy or under another policy (whether issued before, at the same time as or after that referred to in paragraph (a) above),

the property comprised in the gift shall be treated for the purposes of the principal section as not enjoyed to the entire exclusion, or virtually to the entire exclusion, of the donor.

(2) In sub-paragraph (1) above—

(a) the reference in paragraph (a) to a policy on the joint lives of the donor and his spouse **[**F502or civil partner**]** includes a reference to a policy on their joint lives and on the life of the survivor; and

(b) the reference in paragraph (b) to the benefits accruing to the donor or his spouse **[**F502or civil partner**]** (or both of them) includes a reference to benefits which accrue by virtue of the exercise of rights conferred on either or both of them.

Textual Amendments

F501 Words in Sch. 20 para. 7(1) inserted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), regs. 1(1), **46**

F502 Words in Sch. 20 para. 7(2) inserted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), regs. 1(1), **46**

Agricultural property and business property

8 (1) **[**F503This paragraph applies where**]** there is a disposal by way of gift of property which, in relation to the donor, is at that time—

(a) relevant business property within the meaning of Chapter I of Part V of the 1984 Act, or

(b) agricultural property, within the meaning of Chapter II of that Part, to which section 116 of that Act applies, or

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(c) shares or securities to which section 122(1) of that Act applies (agricultural property of companies),

and that property is property subject to a reservation [F504]. . .

[[F505](1A) Where this paragraph applies—

(a) any question whether, on the material transfer of value, any shares or securities fall **[**[F506]within **[**[F507]any of paragraphs (aa) to**]** (cc) of section 105(1) of the 1984 Act (certain shares or securities qualifying for relief)**]** shall be determined, subject to the following provisions of this paragraph, as if the shares or securities were owned by the donor and had been owned by him since the disposal by way of gift; and

(b) subject to paragraph (a), any question whether, on the material transfer of value, relief is available by virtue of Chapter I or Chapter II of Part V of the 1984 Act and, if relief is available by virtue of Chapter II, what is the appropriate percentage of that relief, shall be determined, subject to the following provisions of this paragraph, as if, so far as it is attributable to the property comprised in the gift, that transfer were a transfer of value by the donee.**]**

(2) For the purpose only of determining whether, on the transfer of value which, by virtue of sub-paragraph **[**[F508](1A)(b)**]** above, the donee is assumed to make, the requirement of section 106 or, as the case may be, section 117 of the 1984 Act (minimum period of ownership or occupation) is fulfilled,—

(a) ownership by the donor prior to the disposal by way of gift shall be treated as ownership by the donee; and

(b) occupation by the donor prior to the disposal and any occupation by him after that disposal shall be treated as occupation by the donee.

(3) Where the property disposed of by way of gift consists of shares or securities falling within paragraph (c) of sub-paragraph (1) above, **[**[F509]relief shall not be available by virtue of Chapter II of Part V of the 1984 Act on the material transfer of value**]** unless—

(a) section 116 of the 1984 Act applies in relation to the value transferred by the disposal, and

(b) throughout the period beginning with the disposal and ending on the material date, the shares or securities are owned by the donee,

and for the purposes only of determining whether, on the transfer of value which, **[**[F510]by virtue of sub-paragraph (1A)(b) above**]**, the donee is assumed to make, the requirements of subsection (1) of section 123 of the 1984 Act are fulfilled, it shall be assumed that the requirement in paragraph (b) of that subsection (as to ownership of the shares or securities) is fulfilled.

(4) In this paragraph, "the material transfer of value" means, as the case may require,—

(a) the transfer of value under section 4 of the 1984 Act on the death of the donor; or

(b) the transfer of value under subsection (4) of the principal section on the property concerned ceasing to be subject to a reservation.

(5) If the donee dies before the material transfer of value, then, as respects any time after his death, any reference to his personal representatives or, as the case may require, the person (if any) by whom the property, shares or securities concerned were taken

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under a testamentary dispostition made by the donee or under his intestacy (or partial intestacy).

Textual Amendments

F503 Words substituted by Finance Act 1987 (c. 16, SIF 63:1), **Sch. 8**, para. 18(2), with effect from 17 March 1987.

F504 Words repealed by Finance Act 1987 (c. 16, SIF 63:1),s. 58 and Sch. 8, para. 18(2), with effect from 17 March 1987.

F505 Para. 8(1A) inserted by Finance Act 1987 (c. 16, SIF 63:1), **Sch. 8**, para. 18(3), with effect from 17 March 1987.

F506 Words in Sch. 20 para. 8(1A)(a) substituted (in relation to transfers of value made on or after 10.3.1992) by Finance (No. 2) Act 1992 (c. 48), s. 73, Sch. 14 paras.7, 8, **9**.

F507 Words in Sch. 20 para. 8(1A)(a) substituted (with effect in accordance with Sch. 12 para. 17 of the amending Act) by Finance Act 2026 (c. 11), **Sch. 12 paras. 12(7)**, 17

F508 Words substituted by Finance Act 1987 (c. 16, SIF 63:1), **Sch. 8**, para. 18(4), with effect from 17 March 1987.

F509 Words substituted by Finance Act 1987 (c. 16, SIF 63:1), **Sch. 8**, para. 18(5)(a), with effect from 17 March 1987.

F510 Words substituted by Finance Act 1987 (c. 16, SIF 63:1), **Sch. 8**, para. 18(5)(b), with effect from 17 March 1987.

SCHEDULE 21

Section 109.

[M62]MODIFICATIONS OF FINANCE ACT 1982, SCHEDULE 18 IN RELATION TO ELECTIONS UNDER SECTION 109 OF THIS ACT

Marginal Citations

M62 1982 c. 39.

General modifications

1 (1) For any reference in the 1982 Schedule to ethane there shall be substituted a reference to light gases, as defined in section 109 of this Act.

(2) Except as provided below, any reference in the 1982 Schedule to section 134 of the Finance Act 1982 shall be construed as a reference to section 109 of this Act.

Specific modifications

2 (1) In paragraph 1 (provisions as to the election), in sub-paragraph (2)(b) for the words "and not exceeding fifteen years" there shall be substituted "or in the case of an election made before 31st December 1986, beginning on 1st July 1986" and for sub-paragraph (2)(d) there shall be substituted—

"(d) specify the purposes for which the light gases to which the election applies will be applied or used,".

(2) At the end of that paragraph there shall be inserted the following sub-paragraph—

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"(4) If an election relates to light gases, then, in addition to the matters referred to in sub-paragraph (2) above, the election shall contain—

(a) a description of the characteristics of the supply by which the disposal or appropriation is intended to be effected; and

(b) if that supply is of such a description that, if it were under a contract at arm's length, it is reasonable to expect that the price of the gas would vary with the level of the supply, a description of the pattern of supply which the party or parties to the election consider most probable."

3 (1) In paragraph 2 (conditions for acceptance of an election) in sub-paragraph (1) after the words "and (3)" there shall be inserted "and paragraph 2A".

(2) In sub-paragraph (2) of that paragraph, after the words "such that" there shall be inserted "subject to paragraphs 2A and 3A below".

4 After paragraph 2 there shall be inserted the following paragraph—

"(2A) —

(1) The provisions of this paragraph apply if, having regard to the pattern of supply described in an election as mentioned in paragraph 1(4)(b) above, it is reasonable to assume that, under a contract for the sale at arm's length of the light gases to which the election applies, the consideration would include—

(a) any such payments as are referred to in subsection (2) of section 114 of the Finance Act 1984 ("take or pay" payments), or

(b) any capacity payments, as defined in subsection (5) of that section.

(2) The relevant contract—

(a) shall be assumed to be for the delivery of gas according to the pattern of supply described in the election; and

(b) shall be assumed to contain provision for such of the payments referred to in sub-paragraph (1) above as are appropriate to that pattern of supply.

(3) Sub-paragraph (1) of paragraph 2 above shall have effect as if for the words following "sale at arm's length" there were substituted "of the light gases to which the election applies, the total sums payable under the contract in respect of deliveries of gas in any chargeable period would not differ materially from the sums determined in accordance with the price formula specified in the election for gases disposed of or appropriated in that period; and if the Board are not so satisfied they shall reject the election".

(4) The price formula specified in the election shall contain provisions for determining sums corresponding to such of the payments referred to in sub-paragraph (1) above as, by virtue of sub-paragraph (2) above, are assumed to be provided for by the relevant contract."

5 (1) In paragraph 3 (definition of "the relevant contract"**[**[F511]in sub-paragraph (1)**]**) in paragraph (a) after the word "and", in the first place where it occurs, there shall be inserted the words "which, subject to sub-paragraph (3) below" and in the words following paragraph (b) for the words from "is not" onwards, there shall be substituted "which, subject to paragraph 2A(2) above, is not necessarily a contract for the sale of light gases for the purposes specified in the election".

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(2) At the end of that paragraph there shall be added the following sub-paragraphs—

"(3) In the case of an election which relates to light gases which are "excluded oil", as defined in section 10(1) of the principal Act, sub-paragraph (1)(a) above shall have effect with the omission of the words from "and which" to "date of the election".

(4) Sub-paragraph (4) of paragraph 2A of Schedule 3 to the principal Act (assumptions as to consents in determining price under an arm's length contract) shall apply for the purposes of paragraphs 2 and 2A above as it applies for the purposes of paragraph 2 of that Schedule, substituting a reference to a relevant contract (as defined above) for any reference to the contract mentioned in paragraph 2(2) of that Schedule."

Textual Amendments

F511 Words in Sch. 21 para. 5(1) inserted (16.7.1992) by Finance (No. 2) Act 1992 (c. 48), s. 74, **Sch. 15 para.9**.

6 After paragraph 3 there shall be inserted the following paragraph—

" Market value where paragraph 2A applies

3A.—(1) Where an election is accepted by the Board and the price formula contains provision for the determination of sums as mentioned in paragraph 2A(4) above, then, for the purpose of determining the market value of gas to which the election applies, section 114 of the Finance Act 1984 (which deals with the treatment of such payments as are referred to in paragraph 2A(1) above) shall have effect in relation to those sums and that gas as if—

(a) those sums were part of the consideration under a contract for the sale of gas to which the election applies, and

(b) that contract provided for delivery of the gas according to the pattern of supply described in the election,

and where the said section 114 has effect by virtue of this sub-paragraph, subsections (4), (6) and (7) of that section (which provide for and relate to the deemed delivery of one tonne of oil in certain periods) shall be treated for the purposes of the principal Act as providing for and relating to the deemed disposal or appropriation of one tonne of gas to which the election applies.

(2) Where sub-paragraph (1) above applies, the market value of the gas to which the election applies which is disposed of or appropriated in any chargeable period shall consist of—

(a) such amount (if any) as is determined in accordance with the price formula by reference to the quantity of gas disposed of or appropriated in that chargeable period; and

(b) any sums which, by virtue of sub-paragraph (1) above, either are treated as payments for gas supplied free of charge in that period or are treated as an additional element of the price received or receivable for gas disposed of or appropriated in that period.

(3) Where the market value of gas is determined as mentioned in sub-paragraph (2) above, any reference in the following provisions of this

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Schedule (however expressed) to the market value determined in accordance with the price formula is a reference to that value determined as mentioned in that sub-paragraph (that is to say, in accordance with the formula and section 114 of the Finance Act 1984 as applied by sub-paragraph (1) above).

(4) Where the market value of light gases to which an election applies is determined for a chargeable period as mentioned in sub-paragraph (2) above then, as respects a return for that period under paragraph 2 of Schedule 2 to the principal Act which is made by the participator who is the party or one of the parties to the election,—

(a) sub-paragraphs (2)(a)(iii) and (2)(b)(ii) of that paragraph (which require information with respect to each delivery or relevant appropriation of oil in the period) shall not apply in relation to the light gases to which the election applies; and

(b) there shall be included in his return a statement of the market value (determined as mentioned in sub-paragraph (2) above) of the light gases relevantly appropriated or disposed of by him in that period.

(5) Notwithstanding that, under sub-paragraph (2) above, a market value is determined for all the gas disposed of or appropriated in a particular chargeable period, for the purposes of determining—

(a) the market value referred to in section 2(5)(d) of the principal Act (stocks at the end of a period), and

(b) the market value referred to in subsection (1) or, as the case may be, subsection (2) of section 14 of that Act (valuation for corporation tax purposes of oil disposed of or appropriated),

then, except in a case where the only gas disposed of or appropriated in a particular chargeable period is a single tonne which, by virtue of sub-paragraph (1) above, is treated as being disposed of or appropriated, the market value determined as mentioned in sub-paragraph (2) above shall be apportioned rateably to each quantity of gas disposed of or appropriated in that period."

7 After paragraph 6 there shall be inserted the following paragraph—

" Price formula no longer appropriate for pattern of supply, etc.

6A.—(1) In any case where it appears to the Board—

(a) that light gases to which an election applies are being disposed of or appropriated in a manner, to an extent or by a pattern of supply which is different from that which was taken into consideration in the acceptance of the election, and

(b) that if, at the time the Board were considering whether the election should be accepted, they had taken into account as a probability the manner, extent or pattern of supply by which the gases are in fact being disposed of, they would have rejected the election,

then, subject to sub-paragraph (4) below, the election shall not have effect with respect to any chargeable period beginning after the date on which the Board give notice under this paragraph to each of the parties to the election.

(2) Without prejudice to the generality of sub-paragraph (1) above, if at any time in a chargeable period the extent to which gases to which an election applies are disposed of or relevantly appropriated (including the case where none is

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so disposed of or appropriated) is such that, if the gas were being delivered under a contract at arm's length,—

(a) the seller would be likely to incur financial penalties by reason of a failure to meet requirements arising from the pattern of supply described in the election, and

(b) those penalties would not be insubstantial,

that shall be a ground for the Board to give notice under this paragraph.

(3) A notice under this paragraph shall state that, by reason of the matters referred to in sub-paragraph (1) above, the Board are no longer satisfied that the price formula specified in the election is appropriate to the disposals or appropriations actually being made of gases to which the election applies.

(4) If, within the period of three months beginning on the date of a notice under this paragraph, the party or parties to the election give notice in writing to the Board—

(a) specifying a new price formula taking account of the manner, extent or pattern of supply by which the gases to which the election applies are being disposed of or appropriated, and

(b) containing, if appropriate, a description of the changed pattern of supply which, at the time of the notice, the party or parties to the election consider most probable,

then, if that new price formula is accepted by the Board in accordance with paragraph 7 below, so much of sub-paragraph (1) above as provides that the election shall not have effect with respect to certain periods shall not apply.

(5) If notice has been given under sub-paragraph (4) above and a new price formula has been accepted as mentioned in that sub-paragraph, then, for the purpose of determining, for any chargeable period beginning after the date on which the Board gave notice as mentioned in sub-paragraph (1) above, the market value of light gases to which the election applies, section 109 of the Finance Act 1986 shall have effect as if the new price formula were the formula specified in the election."

8 (1) In paragraph 7 (acceptance or rejection of new price formula) in sub-paragraph (2) after the words "paragraph 3" there shall be inserted "and, where appropriate, paragraphs 2A and 3A"; and at the end of paragraph (b) of that sub-paragraph there shall be inserted "or

(c) a new price formula specified in a notice under paragraph 6A(4) above";

and for the words from "were specified" onwards there shall be substituted "had been specified in, and at the time of, the election and as if the circumstances giving rise to the new price formula had been in contemplation at that time".

(2) In sub-paragraph (5) of that paragraph, after "6(5)(b)" there shall be inserted "or paragraph 6A(4)".

9 (1) In paragraph 8 (appeals) in sub-paragraph (1) after paragraph (d) there shall be inserted the following paragraph—

"(dd) under paragraph 6A above, that a price formula is no longer appropriate".

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(2) In sub-paragraph (4)(b) of that paragraph after "6(1)(b)" there shall be inserted "or paragraph 6A".

10 In paragraph 9 (returns)—

(a) after "6(1)(b)" there shall be inserted "or paragraph 6A"; and

(b) for the words "section 134(3) of this Act" there shall be substituted "section 109(4) of the Finance Act 1986"; and

(c) in paragraph (b) after "6" there shall be inserted "or paragraph 6A".

11 (1) In paragraph 11 (interpretation) sub-paragraph (1) shall be omitted.

(2) In sub-paragraph (2) of that paragraph the words from "to an election" to "and any reference" shall be omitted.

(3) In sub-paragraph (4) of that paragraph for the words "section 134(2)(a) of this Act" there shall be substituted "section 109(3)(a) of the Finance Act 1986".

[F512SCHEDULE 22

Section 111.

BROADCASTING: ADDITIONAL PAYMENTS BY PROGRAMME CONTRACTORS

Textual Amendments

F512 Sch. 22 repealed (*prosp.* as mentioned in S.I. 1990/2347, **art. 3(3)**) by Broadcasting Act 1990 (c.42, SIF 96), ss. 134, 203(3), 204(2), Sch. 12 Pt. II para. 1, **Sch. 21**

PART I

M63AMENDMENT OF BROADCASTING ACT 1981

Marginal Citations

M63 1981 c. 68.

1 . . . . . F513

Textual Amendments

F513 Sch. 22 paras. 1, 4–8 repealed by Finance Act 1989 (c.26, SIF 96), s. 187, **Sch. 17 Pt. XI**

2 (1) Section 34 of the Act of 1981 (instalments payable on account by programme contractors in respect of additional payments) shall be amended as follows.

(2) In subsection (2)(b) the words from "when the" to the end shall be omitted.

(3) For subsection (3) there shall be substituted the following subsection—

"(3) Where any amount falls to be paid to a programme contractor to adjust any overpayment made by him, that amount shall be paid to him—

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(a) if the contract is for the supply of programmes to be broadcast for reception in areas or localities all of which are in Great Britain, out of the Consolidated Fund of the United Kingdom;

(b) if the contract is for the supply of programmes to be broadcast for reception in areas or localities all of which are in Northern Ireland, out of the Consolidated Fund of Northern Ireland; and

(c) if the contract is one which falls within subsection (2) of section 33, out of each of those Funds, apportioned in the same way as receipts are apportioned under subsection (3)(c) of that section."

3 (1) Section 35 of the Act of 1981 (provision for supplementing additional payments) shall be amended as follows.

(2) In paragraph (a) of subsection (1) the words "or is" shall be inserted after the word "is", where it last occurs.

(3) For paragraph (b) of that subsection there shall be substituted the following paragraph—

"(b) the deficiency is, or would be, wholly or mainly attributable to either or both of the following—

(i) excessive expenditure forming part of the expenditure by reference to which those additional payments fall to be calculated;

(ii) in the case of second category profits, the receipt of consideration for the provision of any programme which is less than that which the contractor would have received had the transaction in question been in all respects at arm's length."

(4) In subsection (4), for the words "the accounting period to which it relates" there shall be substituted the words "the period of six months beginning with the date on which the programme contractor furnishes to the Authority, in accordance with the terms of his contract as a programme contractor, a copy of his audited accounts for the accounting period to which the order relates".

(5) After subsection (2) there shall be inserted the following subsection—

"(2A) In determining, for the purposes of subsection (1) of this section, whether in the case of a programme contractor any consideration received by him for the provision of any programme is less than that which the contractor would have received had the transaction in question been in all respects at arm's length, the Authority or the Secretary of State, as the case may be, shall have regard to such matters as they or he may consider relevant, and in particular to any available information as to—

(a) the consideration received for the provision by the contractor of the programme in other comparable markets;

(b) the consideration received by that or any other programme contractor for the provision of other comparable programmes in the same market."

4—8. . . . . F514

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Textual Amendments

F514 Sch. 22 paras. 1, 4–8 repealed by Finance Act 1989 (c.26, SIF 96), s. 187, **Sch. 17 Pt. XI**

PART II

TRANSITIONAL PROVISIONS

9 (1) In this paragraph—

"new statutory provisions" means the provisions of the [M64]Broadcasting Act 1981 as amended by this Act; and

"existing statutory provisions" means the provisions of that Act as they had effect immediately before the passing of this Act.

(2) Any contract between the Authority and a programme contractor which is in force immediately before the passing of this Act shall, until it is varied or superseded by a further contract between them or expires or is otherwise terminated (whichever first occurs) be deemed to be modified by virtue of this Schedule so as—

(a) to substitute provisions in conformity with the new statutory provisions for so much of the contract as is in accordance with the existing statutory provisions and is not in conformity with the new statutory provisions, and

(b) to incorporate in the contract such additional provisions as a contract between the Authority and a programme contractor is required to include in accordance with the new statutory provisions;

and (subject to paragraph 4 of Schedule 4 to the Act of 1981) any provisions of the contract which provide for arbitration as to any matters contained in the contract in accordance with the existing statutory provisions shall be construed as making the like provision for arbitration in relation to matters deemed to be included in the contract by virtue of this sub-paragraph.

(3) Where it appears to the Authority that the new statutory provisions call for the inclusion of additional terms in any such contract, but do not afford sufficient particulars of what those terms should be, the Authority may, after consulting the programme contractor, decide what those terms are to be.

(4) This paragraph shall not be taken to have effect in relation to any contract entered into by a programme contractor and any person other than the Authority before the passing of this Act.

Marginal Citations

M64 1981 c. 68.

10 (1) This paragraph applies in relation to any accounting period of a programme contractor which begins before 1st April 1986 and ends after 31st March 1986 ("the accounting period").

(2) The additional payments payable by the programme contractor under section 32 of the Act of 1981 in relation to his profits for the accounting period shall be the aggregate of the following amounts—

(a) the amount payable by him on the assumption—

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(i) that section 111 of this Act was not in force at any time during the accounting period; and

(ii) that his profits for the accounting period were reduced by multiplying them

$$\text{by } \frac{X}{X+Y}\text{;and}$$

(b) the amount payable by him on the assumption that that section was in force throughout the accounting period and that both his first category profits for that period and his second category profits for that period were reduced by multiplying them

$$\text{by } \frac{Y}{X+\text{Y;}}$$

where (taking any odd four days or more as a week)

X is the number of weeks in the accounting period falling before 1st April 1986; and

Y is the number of weeks in the accounting period falling after 31st March 1986.

(3) For the purposes of the application of paragraph 2C of Schedule 4 to the Act of 1981 in relation to losses incurred by the programme contractor during the accounting period, those losses shall be reduced by multiplying them

$$\text{by } \frac{Y}{X+\text{Y;}}$$

where X and Y have the same meaning as in sub-paragraph (2) above.**]**

SCHEDULE 23

Section 114.

REPEALS

PART I

CUSTOMS AND EXCISE: MISCELLANEOUS

Chapter	Short title	Extent of repeal
1979 c. 4.	The Alcoholic Liquor Duties Act 1979.	In section 15, subsections (6A) and (6B), in subsection (7) the words "restriction or requirement" and in subsection (8)

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		the words "restriction or requirement". In section 46(2), the word "accidentally".
1981 c. 35.	The Finance Act 1981.	In Schedule 8, paragraphs 2(b) and 14(b).
1985 c. 54.	The Finance Act 1985.	Section 2.

PART II

VEHICLES EXCISE DUTY

Chapter	Short title	Extent of repeal
1971 c. 10	The Vehicles (Excise) Act 1971.	In section 23(f), the words from "and as" to "replacement". In paragraph 13 of Part I of Schedule 7, in the text of section 17(2) as modified, paragraph (a) and, in paragraph (b), the words from the beginning to "class". In paragraph 20 of Part I of Schedule 7, in the text of section 23 as modified, in subsection (1)(e) the words from "and for" to "book".
1972 c. 10 (N.I.).	The Vehicles (Excise) Act (Northern Ireland) 1972.	In section 23(f), the words from "and as" to "replacement". In paragraph 13 of Part I of Schedule 9, in the text of section 17(2) as modified, paragraph (a) and, in paragraph (b), the words from the beginning to "class". In paragraph 20 of Part I of Schedule 9, in the text of section 23 as modified, in subsection (1)(e) the words from "and for" to "book".

The repeals in paragraph 13 of Part I of Schedule 7 to the Vehicles (Excise) Act 1971 and paragraph 13 of Part I of Schedule 9 to the Vehicles (Excise) Act (Northern Ireland) 1972 do not have effect with respect to the surrender of licences taken out before 1st January 1987.

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PART III

BETTING AND GAMING DUTIES

Chapter or Number	Short title	Extent of repeal
1972 c. 11 (N.I.).	The Miscellaneous Transferred Excise Duties Act (Northern Ireland) 1972.	Part III.
		In section 72(2), the words from the beginning to "Schedule 2".
		Schedules 1 and 2.
1974 c. 30.	The Finance Act 1974.	Section 2(2) (as it remains in force in relation to Northern Ireland).
1981 c. 63.	The Betting and Gaming Duties Act 1981.	In section 9(3)(a), the words "Northern Ireland or" and the words "of the Parliament of Northern Ireland or, as the case may be,".
		In section 12(4), the words from "and "betting office licence"' to the end.
		In section 19(2) the words "Northern Ireland or" and the words "the Parliament of Northern Ireland or, as the case may be,".
		In section 20(2), the definition of "Great Britain".
		Section 35(4).
1985 c. 54.	The Finance Act 1985.	In Schedule 5, paragraph 8.
S.I. 1985/1204 (N.I. 11).	The Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985.	In Schedule 19, paragraphs 11 to 15 and 17.

These repeals—

(a) so far as they relate to general betting duty or pool betting duty, come into force on the betting commencement date (as defined in section 6 of this Act), but do not affect duty in respect of bets made before that date; and

(b) so far as they relate to bingo duty, come into force on the bingo commencement date (as so defined).

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PART IV

LICENCES UNDER THE CUSTOMS AND EXCISE ACTS

Chapter	Short title	Extent of repeal
1979 c. 4.	The Alcoholic Liquor Duties Act 1979.	In section 4(3), in the Table, the words "licence year".
		Section 12(2) and (3).
		Section 18(3) and (4).
		In section 25(1)(b), the words "has in his possession or".
		Section 47(3) and (4).
		Section 48(2) and (3).
		Section 54(3).
		Section 55(3).
		In section 56(1)(a), the word "renewal".
		Section 75(3) and (4).
		Section 81.
		Section 83.
1979 c. 6.	The Matches and Mechanical Lighters Duties Act 1979.	Section 2(2) and (3).

PART V

INCOME TAX AND CORPORATION TAX: GENERAL

Chapter	Short title	Extent of repeal
1970 c. 10.	The Income and Corporation Taxes Act 1970.	In section 457(1A), the words from "and does not" to the end.
		In Schedule 8, paragraph 12.
1972 c. 41.	The Finance Act 1972.	In section 100(6), the words from "if the limit" to "the relevant income and".
		Section 103(1) to (3).
		Section 107(3).
1974 c. 30.	The Finance Act 1974.	Section 22(2).
		Section 37(2).
1977 c. 36.	The Finance Act 1977.	In section 32(6), paragraph (b), and in

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		paragraph (c) the words "or (b)".
1980 c. 48.	The Finance Act 1980.	In Schedule 10, paragraphs 2 and 22.
1983 c. 28.	The Finance Act 1983.	In Schedule 5, paragraph 5(8) to (11) and paragraph 7(3).
1984 c. 43.	The Finance Act 1984.	Section 20(1) and (2).
1985 c. 54.	The Finance Act 1985.	Section 49.

1 The repeal in section 457(1A) of the Income and Corporation Taxes Act 1970 and the repeal of section 49 of the Finance Act 1985 have effect for the year 1986–87 and subsequent years of assessment.

2 Subject to section 45(4) of this Act, the repeal in Schedule 8 to the Income and Corporation Taxes Act 1970 does not have effect with respect to any payment which, under section 187(4) of that Act, is treated as income received before 4th June 1986.

3 The repeal in section 100(6) of the Finance Act 1972 has effect with respect to accounting periods beginning on or after 3rd June 1986.

4 The repeal of section 107(3) of the Finance Act 1972 has effect where a company ceases to carry on a trade, or part of a trade, after 18th March 1986, subject to the application of section 42(3) of this Act with the words "the repeal does not" substituted for "those amendments do not".

5 The repeal of section 22(2) of the Finance Act 1974 has effect for the year 1986–87 and subsequent years of assessment.

6 The repeals in section 32(6) of the Finance Act 1977 have effect for the year 1984–85 and subsequent years of assessment.

7 The repeals in Schedule 5 to the Finance Act 1983 have effect in relation to shares issued at any time after 18th March 1986.

8 The repeals in section 20 of the Finance Act 1984 do not have effect with respect to any financial year ending before 1st April 1986.

PART VI

INCOME TAX AND CORPORATION TAX: CAPITAL ALLOWANCES

Chapter	Short title	Extent of repeal
1968 c. 3.	The Capital Allowances Act 1968.	Sections 51 to 66.
		Section 68.
		In section 70(3), the words from "and, in the case of" to "direct".
		Section 74(6).

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		In section 75(1), the word "61,".
		Section 78(3).
		In section 79(4), the words " and section 65(1)".
		In section 83(1), the words "or section 56".
		In section 85(1)(c), the words "other than section 60".
		Schedules 5 and 6.
		In Schedule 7, paragraph 4(2)(c).
1971 c. 68.	The Finance Act 1971.	Section 52.
1973 c. 51.	The Finance Act 1973.	Section 31(6)(c).
1978 c. 42.	The Finance Act 1978.	Section 39.
1985 c. 54.	The Finance Act 1985.	Section 62.

1 The repeals of sections 68 and 74(6) of the Capital Allowances Act 1968 and section 39 of the Finance Act 1978 do not have effect with respect to expenditure incurred before 1st April 1986 nor with respect to expenditure under existing contracts, as defined in section 56(2) of this Act.

2 The remaining repeals, apart from the repeal of section 62 of the Finance Act 1985, have effect subject to the provisions of Schedule 14 to this Act.

PART VII

CAPITAL GAINS

Chapter	Short title	Extent of repeal
1984 c. 43.	The Finance Act 1984.	In Schedule 13, paragraphs 2 and 3.
1985 c. 54.	The Finance Act 1985.	Section 67(1).

PART VIII

SECURITIES

Chapter	Short title	Extent of repeal
1970 c. 10.	The Income and Corporation Taxes Act 1970.	Section 475(6).
1985 c. 54.	The Finance Act 1985.	In Schedule 23, paragraphs 41 and 42.

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These repeals have effect in accordance with paragraphs 1(5) and 2(2) of Schedule 18 to this Act.

PART IX

STAMP DUTY

(1) Reconstructions etc.

Chapter	Short title	Extent of repeal
1927 c. 10.	The Finance Act 1927.	Section 55.
1928 c. 17.	The Finance Act 1928.	Section 31.
1928 c. 9 (N.I.).	The Finance Act (Northern Ireland) 1928.	Section 4.
1936 c. 23 (N.I.).	The Finance (Companies' Stamp Duty) Act (Northern Ireland) 1936.	Section 1.
1980 c. 48.	The Finance Act 1980.	In Schedule 18, paragraph 12(1) and (1A).
1985 c. 54.	The Finance Act 1985.	Sections 78, 79 and 80.
1986 c. 41.	The Finance Act 1986.	Section 73.

(2) Loan Capital

Chapter	Short title	Extent of repeal
1963 c. 25.	The Finance Act 1963.	In section 62, subsections (2) and (6).
1963 c. 22. (N.I.).	The Finance Act (Northern Ireland) 1963.	In section 11, subsections (2) and (5).
1967 c. 54.	The Finance Act 1967.	Section 29.
1967 c. 20 (N.I.).	The Finance Act (Northern Ireland) 1967.	Section 6.
1974 c. 30.	The Finance Act 1974.	In Schedule 11, paragraphs 5 and 15.
		In Schedule 12, paragraphs 7 and 8.
1976 c. 40.	The Finance Act 1976.	Section 126.
1980 c. 48.	The Finance Act 1980.	Section 96.
1981 c. 35.	The Finance Act 1981.	Section 109.

(3) Bearer Letters of Allotment etc.

Chapter	Short title	Extent of repeal

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1891 c. 39.	The Stamp Act 1891.	In Schedule 1, in the heading "Bearer Instrument", paragraph 2 of the exemptions.

(4) Changes in Financial Institutions

Modifications etc. (not altering text)

C53 By S.I. 1989/291 it is provided that the repeals made under Pt. IX(4) of Schedule 23 have effect on 20.3.1989

Chapter or Number	Short title	Extent of repeal
1920 c. 18.	The Finance Act 1920.	Section 42.
1961 c. 36.	The Finance Act 1961.	Section 34.
1961 c. 10 (N.I.).	The Finance Act (Northern Ireland) 1961.	Section 4.
1973 c. 51.	The Finance Act 1973.	In Schedule 21, paragraphs 1 and 3.
S.I. 1973/1323 (N.I. 18).	The Finance (Miscellaneous Provisions) (Northern Ireland) Order 1973.	In Schedule 3, paragraphs 1 and 3.
1976 c. 40.	The Finance Act 1976.	In section 127, in subsection (1) the words "which is executed for the purposes of a stock exchange transaction", subsections (2) and (3), in subsection (5), the definitions of "jobber" and "stock exchange transaction", and in subsection (7) the words "and this section".
1980 c. 48.	The Finance Act 1980.	Section 100.

1 The repeals under (1) above have effect in relation to any instrument executed in pursuance of a contract made on or after the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.

2 The repeals under (2) above have effect in relation to any instrument to which section 79 of this Act applies.

3 The repeals under (4) above have effect as provided by the Treasury by order made by statutory instrument, and different provision may be made for different repeals.

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PART X

INHERITANCE TAX

Chapter	Short title	Extent of repeal
1984 c. 51.	**[**F515The Capital Transfer Tax Act 1984**]**.	In section 7(1)(a), the word "appropriate". Sections 148 and 149. In section 167(2), the words from "and shall not" to the end. Section 204(4). In section 236(3), the words "149". In Schedule 2, in paragraphs 2 and 4, the words "the first of", in paragraph 3, the words "the second of", and paragraph 7.

Textual Amendments

F515 Cited genreally in this volume as the Inheritance Tax Act 1984–see 1986 s. 100(1).

1 The repeals of sections 148 and 149 of the Capital Gains Tax Act 1984 F516 and in sections 167 and 236 of, and Schedule 2 to, that Act have effect where the donee's transfer was made on or after 18th March 1986.

Textual Amendments

F516 Cited genreally in this volume as the Inheritance Tax Act 1984–see 1986 s. 100(1).

2 The remaining repeals have effect with respect to transfers of value made, and other events occurring, on or after 18th March 1986.

PART XI

BROADCASTING: ADDITIONAL PAYMENTS BY PROGRAMME CONTRACTORS

Chapter	Short title	Extent of repeal
1981 c. 68.	The Broadcasting Act 1981.	In section 32(9), the words "to amend subsections (4) and (5)". In section 34(2)(b), the words from "when the" to the end.

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		In section 35(2)(a) and (b), the word “relevant”.
1984 c. 46.	The Cable and Broadcasting Act 1984.	Section 40(3).

These repeals shall be deemed to have come into force on 1st April 1986.

Changes to legislation:
Finance Act 1986 is up to date with all changes known to be in force on or before 22 October 2026. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.
View outstanding changes

Changes and effects yet to be applied to :

- s. 107(4) words substituted by 2015 c. 33 s. 15(1)(a)
- s. 107(5) words substituted by 2015 c. 33 s. 15(1)(b)