



Finance Act 1963

1963 CHAPTER 25

PART IV

STAMP DUTIES

Bearer Instruments

59 Stamp duty on bearer instruments

- (1) In Schedule 1 to the Stamp Act 1891, after the heading "Bank Note" there shall be inserted the following heading:—

BEARER INSTRUMENT

(1) Inland bearer instrument (other than deposit certificate for overseas stock).	Duty of an amount equal to three times the transfer duty.
(2) Overseas bearer instrument (other than deposit certificate for overseas stock or bearer instrument by usage).	Duty of an amount equal to twice the transfer duty.
(3) Instrument excepted from paragraph (1) or (2) of this heading.	Duty of 6d. for every £25 or part of £25 of the market value.
(4) Inland or overseas bearer instrument given in substitution for a like instrument	Duty of 6d.;"

"EXEMPTIONS

1. Instrument constituting, or used for transferring, stock which is exempt from all stamp duties on transfer by virtue of General Exemption (1) in this Schedule or of any other enactment.
2. Bearer letter of allotment, bearer letter of rights, scrip, scrip certificate to bearer or other similar instrument to bearer where the letter, scrip, certificate or instrument is required to be surrendered not later than six months after issue.
3. Renounceable letter of allotment, letter of rights or other similar instrument where the rights under the letter or instrument are renounceable not later than six months after the issue of the letter or instrument.

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duly stamped ad valorem (whether under this heading or not).

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and paragraph (1)(a) and (c) and paragraphs (3) and (4) of the heading " Marketable Security" and the whole of the heading " Share Warrant and Stock Certificate to Bearer " in that Schedule shall be omitted, and sections 4, 5(1) and 6 of the Finance Act 1899 shall cease to have effect.

(2) For the purposes of the heading set out in subsection (1) above—

- (a) " inland bearer instrument " means any of the following instruments issued by or on behalf of any company or body of persons corporate or unincorporate formed or established in the United Kingdom, that is to say—
 - (i) any marketable security transferable by delivery;
 - (ii) any share warrant or stock certificate to bearer and any instrument to bearer (by whatever name called) having the like effect as such a warrant or certificate;
 - (iii) any deposit certificate to bearer;
 - (iv) any other instrument to bearer by means of which any stock can be transferred ;
- (b) " overseas bearer instrument" means an instrument issued otherwise than by or on behalf of any such company or body of persons as is mentioned in paragraph (a) above, being an instrument described in sub-paragraphs (i) to (iv) of that paragraph or a bearer instrument by usage;
- (c) " deposit certificate " means an instrument acknowledging the deposit of stock and entitling the bearer to rights (whether expressed as units or otherwise) in or in relation to the stock deposited or equivalent stock; and " deposit certificate for overseas stock" means a deposit certificate in respect of stock of any one company or body of persons not being such a company or body as is mentioned in paragraph (a) above;
- (d) " bearer instrument by usage " means an instrument not described in the said sub-paragraphs (i) to (iv) which is used for the purpose of transferring the right to any stock, being an instrument delivery of which is treated by usage as sufficient for the purpose of a sale on the market, whether that delivery constitutes a legal transfer or not;

and section 82 of the Stamp Act 1891 (meaning of " marketable security ") shall not apply.

(3) For the purposes of the said heading " the transfer duty " means the duty which would be chargeable under the heading " Conveyance or Transfer on sale " in the said Schedule 1 in respect of an instrument in writing transferring the stock constituted by or transferable by means of the inland or overseas bearer instrument in question for a consideration equal to the market value of that stock.

- (4) For the purposes of this section and the two next following sections, " stock" includes securities, and references to stock include references to any interest in, or in any fraction of, stock or in any dividends or other rights arising out of stock and any right to an allotment of or to subscribe for stock; " transfer " includes negotiation and " transferable ", " transferred " and " transferring " shall be construed accordingly; and a bearer instrument by usage used for the purpose of transferring the right to any stock shall be treated as transferring that stock on delivery of the instrument, and as issued by the person by whom or on whose behalf it was first issued, whether or not it was then capable of being used for transferring the right to the stock without execution by the holder.
- (5) Section 44 of the Finance Act 1944 (repayment of transfer duty in case of securities transferable by delivery) shall cease to have effect.

60 Payment of duty

- (1) Duty under the heading set out in subsection (1) of section 59 of this Act shall be chargeable on issue in the case of the following instruments, that is to say—
- (a) any instrument issued in Great Britain; and
 - (b) any instrument issued by or on behalf of a company or body of persons corporate or unincorporate formed or established in Great Britain, not being a foreign loan security;

and for the purposes of this subsection " foreign loan security " means a security issued outside the United Kingdom in respect of a loan which is expressed in a currency other than sterling and is neither offered for subscription in the United Kingdom nor offered for subscription with a view to an offer for sale in the United Kingdom of securities in respect of the loan.

- (2) Duty under the said heading in respect of any instrument not chargeable under subsection (1) above shall be chargeable on transfer in Great Britain of the stock constituted by or transferable by means of the instrument :

Provided that the duty chargeable by virtue of this subsection on the transfer of stock shall be chargeable only where duty would be chargeable under or by reference to the heading " Conveyance or Transfer on sale " in Schedule 1 to the Stamp Act 1891 if the transfer were effected by an instrument not being a bearer instrument.

- (3) Any instrument which is chargeable under the said heading on issue shall, before being issued, be produced to the Commissioners (together with such particulars in writing of the instrument as the Commissioners may require) and shall be deemed to be duly stamped if, and only if, it is stamped with a particular stamp denoting that it has been produced to the Commissioners; and within six weeks of the date on which any such instrument is issued, or such longer time as the Commissioners may allow, a statement in writing containing the date of issue and such further particulars as the Commissioners may require in respect of that instrument shall be delivered to the Commissioners, and the duty chargeable in respect of that instrument shall be paid to the Commissioners on delivery of that statement or within such longer time as the Commissioners may allow.
- (4) If default is made in complying with subsection (3) above in respect of any instrument, the person by whom or on whose behalf the instrument is issued, and any person who acts as the agent of that person for the purposes of the issue, shall be liable to a fine not exceeding the aggregate of £50 and an amount equal to the stamp duty chargeable

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in respect of that instrument, and shall also be liable to pay to Her Majesty the duty chargeable in respect of that instrument and interest on the duty at the rate of five per cent. per annum from the date of the default.

- (5) Where any instrument which is chargeable under the said heading on transfer of the stock constituted by or transferable by means of the instrument is presented to the Commissioners for stamping, the person presenting it, and the owner of the instrument, shall furnish to the Commissioners such particulars in writing as they may require for determining the amount of duty chargeable on that instrument.
- (6) Any person who in Great Britain transfers, or is concerned as broker or agent in transferring, any stock by or by means of any such instrument as is mentioned in subsection (5) above shall, if the instrument is not duly stamped, be liable to a fine not exceeding the aggregate of £50 and an amount equal to the stamp duty chargeable in respect of that instrument, and shall also be liable to pay to Her Majesty the duty chargeable in respect of that instrument and interest on the duty at the rate of five per cent. per annum from the date of the transfer in question.
- (7) If any person, in furnishing particulars under this section in respect of any instrument, wilfully or negligently furnishes any particulars which are false in any material respect, he shall be liable to a fine not exceeding the aggregate of £50 and an amount equal to twice the amount by which the stamp duty which ought to be charged in respect of that instrument exceeds the stamp duty paid in respect thereof.
- (8) Where any such instrument as is mentioned, in subsection (5) above has been stamped ad valorem or with a stamp indicating that it is chargeable under paragraph (4) of the said heading and with the duty specified in that paragraph, that instrument shall be deemed for all purposes other than subsection (7) above to have been duly stamped.
- (9) Any instrument which is deemed to be duly stamped by virtue of subsection (3) or (8) of this section shall be deemed to be duly stamped in Northern Ireland, and any instrument which is deemed to be duly stamped by virtue of the corresponding provisions in force in Northern Ireland shall be deemed to be duly stamped in Great Britain.

61 Ascertainment of market value

- (1) In relation to an instrument which is chargeable on issue, the market value of the stock constituted by or transferable by means of that instrument shall be taken for the purposes of section 59 of this Act to be—
 - (a) where the stock was offered for public subscription (whether in registered or in bearer form) within twelve months before the issue of the instrument, the amount subscribed for the stock ;
 - (b) in any other case, the value of the stock on the first day within one month after the issue of the instrument on which stock of that description is dealt in on a stock exchange in the United Kingdom or, if stock of that description is not so dealt in, the value of the stock immediately after the issue of the instrument.
- (2) In relation to an instrument which is chargeable on transfer of the stock constituted by or transferable by means of that instrument, the market value of that stock shall be taken for the purposes of the said section 59 to be the value of that stock—
 - (a) in the case of a transfer pursuant to a contract of sale, on the date when the contract is made;

- (b) in any other case, on the day preceding that on which the instrument is presented to the Commissioners for stamping, or, if it is not so presented, on the date of the transfer.