

## SCHEDULES

### SCHEDULE 13

Section 64.

### QUALIFYING CORPORATE BONDS

#### PART I

#### APPLICATION OF PROVISIONS RELATING TO GILT-EDGED SECURITIES

##### *Capital Gains Tax Act 1979*

1 In section 64 of the Capital Gains Tax Act 1979 (interpretation provisions relating to shares and securities) after the definition of " gilt-edged securities " there shall be inserted—

“qualifying corporate bonds' has the meaning given by section 64 of the Finance Act 1984”.

2 In section 67(1) of that Act after the words " gilt-edged securities " there shall be added the words " or qualifying corporate bonds ".

3 (1) In section 70 of that Act, in subsection (1) after the words " gilt-edged securities " there shall be inserted the words " or, subject to subsection (1A) below, qualifying corporate bonds ".

(2) After subsection (1) of that section there shall be inserted the following subsection:—

“(1A) This section does not apply in relation to a disposal of qualifying corporate bonds if the disposal is such that section 58 of the Finance (No. 2) Act 1975 applies but, subject to that, any reference in the following provisions of this section to gilt-edged securities includes a reference to qualifying corporate bonds.”

##### *Other enactments*

4 In section 270(3) of the Taxes Act (groups of companies: gilt-edged securities) after the words " specified securities " there shall be inserted the words " or qualifying corporate bonds as defined in section 64 of the Finance Act 1984 ".

5 In Schedule 16 to the Finance Act 1973 (underwriters) at the end of paragraph 7 (exclusion of gilt-edged securities) there shall be added the words " or of qualifying corporate bonds as defined in section 64 of the Finance Act 1984 ".

6 In Schedule 6 to the Finance Act 1983 (election for pooling) in paragraph 1(2) (definition of qualifying securities) after paragraph (a) there shall be inserted—

“(aa) qualifying corporate bonds, as defined in section 64 of the Finance Act 1984 ; nor”.

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*Status: This is the original version (as it was originally enacted).*

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## PART II

### REORGANISATIONS, CONVERSIONS, RECONSTRUCTIONS ETC.

- 7 (1) In this Part of this Schedule " relevant transaction " means a reorganisation, conversion of securities or other transaction such as is mentioned in subsection (7) of section 64 of this Act.
- (2) Where the qualifying corporate bond referred to in paragraph (b) of that subsection would constitute the original shares for the purposes of sections 78 to 81 of the principal Act, it is in this Part of this Schedule referred to as " the old asset" and the shares or securities which would constitute the new holding for those purposes are referred to as " the new asset ".
- (3) Where the qualifying corporate bond referred to in section 64(7)(b) of this Act would constitute the new holding for the purposes of sections 78 to 81 of the principal Act, it is in this Part of this Schedule referred to as " the new asset" and the shares or securities which would constitute the original shares for those purposes are referred to as " the old asset ".
- (4) In this Part of this Schedule " the principal Act" means the Capital Gains Tax Act 1979.
- 8 (1) So far as the relevant transaction relates to the old asset and the new asset, sections 78 to 81 of the principal Act shall not apply in relation to it.
- (2) In accordance with sub-paragraph (1) above, the new asset shall not be treated as having been acquired on any date other than the date of the relevant transaction or, subject to sub-paragraphs (3) and (4) below, for any consideration other than the market value of the old asset as determined immediately before that transaction.
- (3) If, on the relevant transaction, the person concerned receives, or becomes entitled to receive, any sum of money which, in addition to the new asset, is by way of consideration for the old asset, that sum shall be deducted from the consideration referred to in sub-paragraph (2) above.
- (4) If, on the relevant transaction, the person concerned gives any sum of money which, in addition to the old asset, is by way of consideration for the new asset, that sum shall be added to the consideration referred to in sub-paragraph (2) above.
- 9 In any case where—
- (a) the old asset consists of a qualifying corporate bond, and
  - (b) the relevant transaction takes place at such a time that, if there were then a disposal of the old asset, it would be a disposal within section 67 of the principal Act,
- then, so far as it relates to the old asset and the new asset, the relevant transaction shall be treated for the purposes of that Act as a disposal of the old asset and an acquisition of the new asset.
- 10 (1) Except in a case falling within paragraph 9 above, so far as it relates to the old asset and the new asset, the relevant transaction shall be treated for the purposes of the principal Act as not involving any disposal of the old asset but—
- (a) there shall be calculated the chargeable gain or allowable loss that would have accrued if, at the time of the relevant transaction, the old asset had been disposed of for a consideration equal to its market value immediately before that transaction; and

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*Status: This is the original version (as it was originally enacted).*

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- (b) subject to paragraph 11 below, the whole or a corresponding part of the chargeable gain or allowable loss mentioned in paragraph (a) above shall be deemed to accrue on a subsequent disposal of the whole or part of the new asset (in addition to any gain or loss that actually accrues on that disposal); and
    - (c) if that subsequent disposal is within section 67 of the principal Act, that section shall have effect only in relation to any gain or loss that actually accrues and not in relation to any gain or loss which is deemed to accrue by virtue of paragraph (b) above.
  - (2) Paragraphs (b) and (c) of sub-paragraph (1) above shall not apply to any disposal falling within the provisions of—
    - (a) section 44(1) of the principal Act (disposals between husband and wife); or
    - (b) section 49(4) of that Act (disposals by personal representatives to legatees); or
    - (c) section 273(1) of the Taxes Act (disposals within a group of companies);but a person who has acquired the new asset on a disposal falling within those provisions (and without there having been a previous disposal falling within those provisions or a devolution on death) shall be treated for the purposes of paragraphs (b) and (c) of sub-paragraph (1) above as if the new asset had been acquired by him at the same time and for the same consideration as, having regard to paragraph 8 above, it was acquired by the person making the disposal.
- 11 (1) In any case where—
- (a) on the calculation under paragraph 10(1)(a) above, a chargeable gain would have accrued, and
  - (b) the consideration for the old asset includes such a sum of money as is referred to in paragraph 8(3) above,
- then, subject to sub-paragraph (2) below, the proportion of that chargeable gain which that sum of money bears to the market value of the old asset immediately before the relevant transaction shall be deemed to accrue at the time of that transaction.
- (2) If the inspector is satisfied that the sum of money referred to in sub-paragraph (1)(b) above is small, as compared with the market value of the old asset immediately before the relevant transaction, and so directs, sub-paragraph (1) above shall not apply.
  - (3) In a case where sub-paragraph (1) above applies, the chargeable gain which, apart from this paragraph, would by virtue of paragraph 10(1)(b) above be deemed to accrue on a subsequent disposal of the whole or part of the new asset shall be reduced or, as the case may be, extinguished by deducting therefrom the amount of the chargeable gain which, by virtue of sub-paragraph (1) above, is deemed to accrue at the time of the relevant transaction.