



Finance Act 1986

1986 CHAPTER 41

PART IV

STAMP DUTY RESERVE TAX

Other charges

93 Depository receipts

- (1) Subject to subsection (7) below and section 95 below, 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 depository receipt for chargeable securities, and
 - (b) chargeable securities of the same kind and amount are transferred or issued to [^{F1}the person mentioned in paragraph (a) above or] a person falling within subsection (3) below, or are appropriated by [^{F2}the 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.
- (2) A person falls within this subsection if his business is or includes issuing depository receipts for chargeable securities.
- (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 depository receipt.
- (4) Subject to subsections [^{F3}(6) and](7) below, tax under this section shall be charged at the rate of [^{F4}1.5 per cent.] of the following—
 - (a) in a case where the securities are issued, their price when issued;
 - (b) in a case where the securities are transferred for consideration in money or money's worth, the amount or value of the consideration;
 - (c) in any other case, the value of the securities.

Status: Point in time view as at 28/07/2000.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1986, Cross Heading: Other charges. (See end of Document for details)

- (5) ^{F5}
- (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 [^{F6}subsection (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 [^{F7}subsections (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.
- (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.
- (10) Where chargeable securities are issued or transferred on sale under terms providing for payment in instalments and for an issue of other chargeable securities, and (apart from this subsection) tax would be charged under this section in respect of that issue, tax shall not be so charged but —
- (a) if any of the instalments becomes payable by a person falling within subsection (2) or (3) above, there shall be a charge to stamp duty reserve tax under this section when the instalment becomes payable;
 - (b) the charge shall be at the rate of [^{F8}1.5 per cent. of the amount] of the instalment payable;
 - (c) the person liable to pay the instalment shall be liable for the tax.
- (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).

Status: Point in time view as at 28/07/2000.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1986, Cross Heading: Other charges. (See end of Document for details)

- (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

- F1** 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\(2\)\(a\)](#)
- F2** 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\(2\)\(b\)](#)
- F3** 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\(2\)\(a\)](#)
- F4** 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\(2\)\(a\)](#)
- F5** 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](#)
- F6** 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\(3\)](#)
- F7** 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\(2\)\(b\)](#)
- F8** Words in s. 93(10)(b) substituted (with effect as mentioned in s. 194(7) of the amending Act) by [Finance Act 1996 \(c. 8\), s. 194\(2\)\(c\)](#)

94 Depositary receipts: supplementary

- (1) For the purposes of section 93 above a depositary receipt for chargeable securities is an instrument acknowledging —
- that a person holds chargeable securities or evidence of the right to receive them, and
 - 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 section 93(4)(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).

Status: Point in time view as at 28/07/2000.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1986, Cross Heading: Other charges. (See end of Document for details)

- (5) ^{F9}
- (6) ^{F9}
- (7) ^{F9}
- (8) ^{F10}
- (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

- F9** 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**
- F10** 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 Depository receipts: exceptions

- (1) Where securities are transferred —
- (a) to a company which at the time of the transfer falls within subsection (6) of section 67 above ^{F11} . . . , and
 - (b) from a company which at that time falls within that subsection ^{F11} . . . ,
- there shall be no charge to tax under section 93 above in respect of the transfer.
- [^{F12}(2) There shall be no charge to tax under section 93 above in respect of a transfer, issue 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.]
- [^{F13}(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).

Status: Point in time view as at 28/07/2000.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1986, Cross Heading: Other charges. (See end of Document for details)

- (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.]
- (3) There shall be no charge to tax under section 93 above in respect of an issue by a company (company X) of securities in exchange for shares in another company (company Y) where company X —
- (a) has control of company Y, or
 - (b) will have such control in consequence of the exchange or of an offer as a result of which the exchange is made.
- [^{F14}and the shares in company Y are held under a depositary receipt scheme.]
- (4) For the purposes of subsection (3) above company X has control of company Y if company X has power to control company Y's affairs by virtue of holding shares in, or possessing voting power in relation to, company Y or any other body corporate.
- [^{F15}(5) For the purposes of subsection (3) above, the cases where shares are held under a depositary receipt scheme are those cases where, in pursuance of an arrangement,—
- (a) a depositary receipt for chargeable securities has been, or is to be, issued by a person falling within section 93(2) above in respect of the shares in question or shares of the same kind and amount; and
 - (b) the shares in question are held by that person, or by a person whose business is or includes holding chargeable securities as nominee or agent for that person, towards the eventual satisfaction of the entitlement of the receipt's holder to receive chargeable securities.
- [^{F16}(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.]

Status: Point in time view as at 28/07/2000.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1986, Cross Heading: Other charges. (See end of Document for details)

- (7) In this section “depository receipt for chargeable securities” has the same meaning as in section 93 above (see section 94 above).]

Textual Amendments

- F11** 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**
- F12** 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))
- F13** 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))
- F14** Words in s. 95(3) inserted (with application as mentioned in s. 151(6) of the amending Act) by Finance Act 1998 (c. 36), **s. 151(1)**
- F15** S. 95(5)-(7) added (with application as mentioned in s. 151(6) of the amending Act) by Finance Act 1998 (c. 36), **s. 151(2)**
- F16** 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))

[^{F17}95A **Depository receipts: exception for replacement securities.**

- (1) There shall be no charge to tax under section 93 above in respect of the transfer, issue 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 depository receipt scheme.
- (3) The second condition is that—
- (a) there was a charge to tax under section 93 above in respect of the transfer, issue 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) or (3) above.
- (4) The third condition is that there is an arrangement under which—
- (a) the new securities are transferred, issued 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 depository 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.]

Status: Point in time view as at 28/07/2000.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1986, Cross Heading: Other charges. (See end of Document for details)

Textual Amendments

F17 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))

96 Clearance services

- (1) Subject to subsection (5) below and [F18 sections 97 and 97A] below, 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 or issued to A or to a person whose business is or includes holding chargeable securities as nominee for A.
- (2) Subject to subsections [F19(4) and](5) below, tax under this section shall be charged at the rate of [F20 1.5 per cent.] of the following —
 - (a) in a case where the securities are issued, their price when issued;
 - (b) in a case where the securities are transferred for consideration in money or money's worth, the amount or value of the consideration;
 - (c) in any other case, the value of the securities.
- (3) F21
- (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 —
 - (a) if the amount of the duty is less than the amount of tax found by virtue of [F22 subsections (2) and](4) above, the tax charged under this section shall be the amount so found less the amount of the duty;

Status: Point in time view as at 28/07/2000.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1986, Cross Heading: Other charges. (See end of Document for details)

- (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.
- (8) Where chargeable securities are issued or transferred on sale under terms providing for payment in instalments and for an issue of other chargeable securities, and (apart from this subsection) tax would be charged under this section in respect of that issue, tax shall not be so charged but —
- (a) if any of the instalments becomes payable by A or by a person whose business is or includes holding chargeable securities as nominee for A, there shall be a charge to stamp duty reserve tax under this section when the instalment becomes payable;
 - (b) the charge shall be at the rate of [^{F23}1.5 per cent. of the amount] of the instalment payable;
 - (c) the person liable to pay the instalment shall be liable for the tax.
- (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 subsection (2)(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.
- (11) ^{F24}
- (12) ^{F25}
- (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

- F18** Words in s. 96(1) substituted (1.7.1996) by [Finance Act 1996 \(c. 8\), s. 196\(2\)\(6\)](#)
- F19** 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\(4\)\(a\)](#)
- F20** 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\(4\)\(a\)](#)
- F21** 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](#)

Status: Point in time view as at 28/07/2000.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1986, Cross Heading: Other charges. (See end of Document for details)

- F22** 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)
- F23** Words in s. 96(8) substituted (with effect as mentioned in s. 194(7) of the amending Act) by Finance Act 1996 (c. 8), s. 194(4)(c)
- F24** 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
- F25** 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 ^{F26} . . . , and
 - (b) from a company which at that time falls within that subsection ^{F26} . . . ,there shall be no charge to tax under section 96 above in respect of the transfer
- (2) ^{F27}
- [^{F28}(3) There shall be no charge to tax under section 96 above in respect of a transfer or issue 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).
- (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—

Status: Point in time view as at 28/07/2000.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1986, Cross Heading: Other charges. (See end of Document for details)

- (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.
- (4) There shall be no charge to tax under section 96 above in respect of an issue by a company (company X) of securities in exchange for shares in another company (company Y) where company X —
- (a) has control of company Y, or
 - (b) will have such control in consequence of the exchange or of an offer as a result of which the exchange is made.
- [^{F29}and the shares in company Y are held under a clearance services scheme.]
- (5) For the purposes of subsection (4) above company X has control of company Y if company X has power to control company Y's affairs by virtue of holding shares in, or possessing voting power in relation to, company Y or any other body corporate.
- [^{F30}(6) For the purposes of subsection (4) above, the cases where shares are held under a clearance services scheme are those cases where—
- (a) an arrangement falling within paragraph (a) of subsection (1) of section 96 above has been entered into; and
 - (b) in pursuance of that arrangement, the shares are held by the person referred to in that paragraph as A or by a person whose business is or includes holding chargeable securities as nominee for that person.
- [^{F31}(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

- F26** 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
- F27** 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
- F28** 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))

Status: Point in time view as at 28/07/2000.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1986, Cross Heading: Other charges. (See end of Document for details)

- F29** Words in s. 97(4) added (with application as mentioned in s. 151(6)) of the amending Act) by [Finance Act 1998 \(c. 36\), s. 151\(3\)](#)
- F30** s. 97(6)(7) added (with application as mentioned in s. 151(6)) of the amending Act) by [Finance Act 1998 \(c. 36\), s. 151\(4\)](#)
- F31** 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))

[^{F32}97AA Clearance services: further exception.

- (1) There shall be no charge to tax under section 96 above in respect of the transfer or issue 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 or issue—
 - (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) or (4) above.
- (4) The third condition is that there is an arrangement under which—
 - (a) the new securities are transferred or issued 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

- F32** 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))

[^{F33}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 shall be chargeable in accordance with this section in connection with those clearance services.
- (2) An election under subsection (1) above—

Status: Point in time view as at 28/07/2000.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1986, Cross Heading: Other charges. (See end of Document for details)

- (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 or issue 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, issue or agreement, sections 70, 90(4) and (5) and 96 above shall not have effect in relation to that transfer, issue 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 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

Status: Point in time view as at 28/07/2000.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1986, Cross Heading: Other charges. (See end of Document for details)

- (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.
- [Nothing in section 70(9) or 97(1) above has effect to prevent a charge to stamp duty^{F34}(13) 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

F33 S. 97A inserted (1.7.1996) by [Finance Act 1996 \(c. 8\), s. 196\(3\)\(6\)](#)

F34 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\(4\)](#)

[^{F35}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.
- (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.]

Status: Point in time view as at 28/07/2000.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1986, Cross Heading: Other charges. (See end of Document for details)

.....

Textual Amendments

F35 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)

Status:

Point in time view as at 28/07/2000.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1986, Cross Heading:
Other charges.