

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1988, SCHEDULE 12. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 12

Section 145.

#### BUILDING SOCIETIES: CHANGE OF STATUS

##### *Introductory*

- 1 Paragraphs [<sup>F1</sup>3] to 7 below apply where there is a transfer of the whole of a building society's business to a company ("the successor company") in accordance with section 97 and the other applicable provisions of the <sup>M1</sup>Building Societies Act 1986.

##### **Textual Amendments**

**F1** Word in Sch. 12 para. 1 substituted (24.7.2002) by [Finance Act 2002 \(c. 23\), s. 105\(02\)\(a\)](#)

##### **Marginal Citations**

**M1** 1986 c. 53.

##### *Gilt-edged securities and other financial trading stock*

- 2 <sup>F2</sup> .....

##### **Textual Amendments**

**F2** Sch. 12 para. 2 repealed (24.7.2002) by [Finance Act 2002 \(c. 23\), ss. 105\(2\)\(b\), 141, Sch. 40 Pt. 3\(18\)](#)

##### *Capital allowances*

- 3 <sup>F3</sup>(1) .....
- (2) There shall be made to or on the successor company in accordance with [<sup>F4</sup>the Capital Allowances Act 2001] all such allowances and charges as would, if the society had continued to carry on the trade, have fallen to be made to or on it, and the amount of any such allowance or charge shall be computed as if the successor company had been carrying on the trade since the society began to do so and as if everything done to or by the society had been done to or by the successor company.
- (3) No transfer of assets from the society to the successor company effected by section 97 of the Building Societies Act 1986 shall be treated as giving rise to any such allowance or charge.

##### **Textual Amendments**

**F3** Sch. 12 para. 3(1) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 337\(a\), Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

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- F4** Words in Sch. 12 para. 3(2) substituted (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. 337(b)** (with Sch. 2 Pts. 1, 2)

*Capital gains: assets acquired from society, etc.*

**F5**<sub>4</sub> .....

**Textual Amendments**

- F5** Sch. 12 para. 4 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

*Capital gains: shares, and rights to shares, in successor company*

**F6**<sub>5</sub> .....

**Textual Amendments**

- F6** Sch. 12 para. 5 repealed (6.3.1992 with effect as mentioned in s. 289 of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with ss. 101(1), 201(3), 290, Sch. 11 paras. 22, 26(2), 27)

*Distributions*

- 6 (1) Where, in connection with the transfer, qualifying benefits are conferred by the society or the successor company on members of the society, the conferring of those benefits shall not be regarded as <sup>F7</sup>...—
- (a) the making of a distribution, within the meaning of the Corporation Tax Acts;  
<sup>F8</sup> ...
- <sup>F8</sup>(b) .....
- (2) Sub-paragraph (1) above does not preclude any qualifying benefit (and, in particular, any qualifying benefit which in the hands of the recipient would, apart from that sub-paragraph, constitute income for the purposes of income tax) from being a capital distribution for the purposes of section [<sup>F9</sup>122 of the Taxation of Chargeable Gains Act 1992], and in that section “distribution” shall be construed accordingly.
- (3) In this paragraph “qualifying benefits” means—
- (a) any such rights as are mentioned in paragraph 5(1)(a), (b) or (c) above, and any property obtained by the exercise of those rights;
- (b) any shares issued or disposed of as mentioned in paragraph 5(2) above;
- (c) any shares issued or disposed of, or to which a member becomes entitled, as mentioned in paragraph 5(3) or (4) above, and any interest in the settled property constituted by those shares;
- (d) any payment in lieu of a qualifying benefit falling within paragraphs (a) to (c) above;
- (e) any distribution made in pursuance of section 100(2)(b) of the <sup>M2</sup>Building Societies Act 1986.

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(4) “Member” has the same meaning in this paragraph as in paragraph 5 above.

#### Textual Amendments

- F7** Word in [Sch. 12 para. 6\(1\)](#) omitted (with effect in accordance with Sch. 6 para. 28 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 6 para. 19\(a\)](#)
- F8** [Sch. 12 para. 6\(1\)\(b\)](#) omitted (with effect in accordance with Sch. 6 para. 28 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 6 para. 19\(b\)](#)
- F9** Words in Sch. 12 para. 6(2) substituted (6.3.1992 with effect as mentioned in [s. 289](#) of the amending Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), ss. 289, 290, [Sch. 10 para. 16\(7\)](#) (with ss. 60, 101(1), 171, 201(3))

#### Marginal Citations

- M2** [1986 c. 53](#).

### *<sup>F10</sup> Certified SAYE savings arrangements*

#### Textual Amendments

- F10** [Sch. 12 para. 7](#) and crossheading substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 404](#) (with [Sch. 2](#))

- 7 Section 702 of the Income Tax (Trading and Other Income) Act 2005 (interest under certified SAYE savings arrangements to be exempt from income tax) shall have effect in relation to any interest (or bonus) payable after the transfer under a savings arrangement which immediately before the transfer was a certified SAYE savings arrangement (within the meaning of section 703(1) of that Act) in relation to the society despite the fact that it ceased to be such an arrangement by reason of the transfer.]

### *Stamp duty*

- 8 Section 109 of the <sup>M3</sup>Building Societies Act 1986 (exemption from stamp duty) shall be renumbered as subsection (1) of that section and after that provision as so renumbered there shall be inserted—

“(2) No transfer effected by subsection (6) or (7) of section 97 shall give rise to any liability to stamp duty.”

#### Marginal Citations

- M3** [1986 c. 53](#).

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