

Status: Point in time view as at 19/07/2006.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Part II. (See end of Document for details)

SCHEDULES

SCHEDULE 15

LOAN RELATIONSHIPS: SAVINGS AND TRANSITIONAL PROVISIONS

PART II

INCOME TAX AND CAPITAL GAINS TAX

Application and interpretation of Part II

- 26 (1) This Part of this Schedule (except paragraph 29) has effect for the purposes of income tax and capital gains tax but not for the purposes of corporation tax.
- (2) In this Part of this Schedule—
- “the 1992 Act” means the ^{M1}Taxation of Chargeable Gains Act 1992;
 - “market value” has the same meaning as in the 1992 Act;
 - “qualifying indexed security” has the meaning given by paragraph 2 of Schedule 11 to the ^{M2}Finance Act 1989; and
 - ^{F1}“deeply discounted security” has the same meaning as in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (see section 430)].
- (3) References in this Part of this Schedule to a disposal within marriage [^{F2}or civil partnership] are references to any disposal to which section 58 of the 1992 Act applies.

Textual Amendments

- F1** Words in Sch. 15 para. 26(2) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 491\(2\)](#) (with Sch. 2)
- F2** Words in Sch. 15 para. 26(3) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\), regs. 1\(1\), 130](#)

Marginal Citations

- M1** 1992 c. 12.
- M2** 1989 c. 26.

Qualifying indexed securities

- 27 (1) This paragraph applies where—
- (a) on 5th April 1996 any person (“the relevant person”) held a qualifying indexed security;

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- (b) that person did not dispose of that security on that date and does not fall (apart from by virtue of this paragraph) to be treated for the purposes of the 1992 Act as having made a disposal of it on that date; and
 - (c) a relevant event occurs.
- (2) For the purposes of this paragraph a relevant event occurs on the first occasion after 5th April 1996 when the relevant person, or a person to whom that person has made a disposal of the security within marriage [^{F3}or civil partnership], falls to be treated for the purposes of the 1992 Act as making a disposal (otherwise than within marriage [^{F3}or civil partnership]) which is—
- (a) a disposal of the security in question; or
 - (b) a disposal of any such asset as falls to be treated for the purposes of that Act as the same as that security.
- (3) The amount of any chargeable gain or allowable loss which would have been treated as accruing to the relevant person if—
- (a) he had made a disposal of the asset on 5th April 1996, and
 - (b) that disposal had been for a consideration equal to the market value of the asset,
- shall be brought into account as one accruing to the person who makes the disposal constituting the relevant event in the year of assessment in which that event occurs.

Textual Amendments

F3 Words in [Sch. 15 para. 27\(2\)](#) inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **130**

- 28 For the purposes of [^{F4}Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (profits from deeply discounted securities)] where—
- (a) a person held a qualifying indexed security both on and immediately after 5th April 1996, and
 - (b) that security is a [^{F4}deeply] discounted security,
- the amount which that person shall be taken to have paid in respect of his acquisition of that security on or before 5th April 1996 shall be an amount equal to its market value on that date.

Textual Amendments

F4 Words in [Sch. 15 para. 28](#) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 491\(3\)](#) (with [Sch. 2](#))

- 29 For the purposes of paragraph 2 of Schedule 10 to this Act, paragraphs 27 and 28 above shall have effect in relation to an authorised unit trust for the first of its accounting periods to end after 31st March 1996 as if references in those paragraphs to 5th April 1996 were references to 31st March 1996.

Transitional in relation to qualifying corporate bonds

- 30 (1) This paragraph applies where—
- (a) any person holds any asset on and immediately after 5th April 1996;

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- (b) that asset is one which came to be held by that person as a result of a transaction to which section 127 of the 1992 Act applies; and
 - (c) that asset falls from 5th April 1996 to be treated as a [^{F5}deeply] discounted security but is neither a qualifying indexed security nor such that it would have fallen to be treated as a qualifying corporate bond in relation to any disposal of it on that date.
- (2) Section 116 of the 1992 Act (reorganisations etc. involving qualifying corporate bonds) shall have effect as if—
- (a) there had been a transaction on 5th April 1996 by which the person holding the asset had disposed of it and immediately re-acquired it;
 - (b) the asset re-acquired had been a qualifying corporate bond; and
 - (c) the transaction had been a transaction to which section 127 of the 1992 Act would have applied but for section 116(5) of that Act.

Textual Amendments

- F5** Word in [Sch. 15 para. 30\(1\)\(c\)](#) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 491\(4\)](#) (with [Sch. 2](#))

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