

Status: Point in time view as at 17/07/2014.

Changes to legislation: Finance Act 2014, SCHEDULE 24 is up to date with all changes known to be in force on or before 25 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

SCHEDULE 24

Section 115

ABOLITION OF STAMP DUTY AND SDRT: SECURITIES ON RECOGNISED GROWTH MARKETS

PART 1

STAMP DUTY RESERVE TAX

“Chargeable securities”

- 1 Part 4 of FA 1986 (stamp duty reserve tax) is amended as follows.
- 2 In section 99 (interpretation), after subsection (4A) insert—
- “**(4B)** Chargeable securities” does not include securities falling within paragraph (a), (b) or (c) of subsection (3) which are admitted to trading on a recognised growth market but not listed on that or any other market.
- (4C)** In subsection (4B), “listed” and “recognised growth market” are to be construed in accordance with section 99A.”
- 3 After that section insert—

“99A Section 99(4B): “listed” and “recognised growth market”

- (1) This section applies for the purposes of section 99(4B).
- (2) Section 1005(3) to (5) of the Income Tax Act 2007 (meaning of “listed” etc) applies as it applies in relation to the Income Tax Acts.
- (3) “Recognised growth market” means a market recognised as a growth market by the Commissioners for Her Majesty's Revenue and Customs.
- (4) On an application made by a market, the market is to be recognised by the Commissioners as a growth market if, and only if, the Commissioners are satisfied, on the basis of evidence provided by the market, that the market qualifies for recognition.
- (5) A market qualifies for recognition at any time (“the relevant time”) if it is a recognised stock exchange which meets one or both of the following conditions—
 - (a) a majority of the companies whose stock or marketable securities are admitted to trading on the market are companies with market capitalisations of less than £170 million;
 - (b) the Commissioners are satisfied that the admission requirements of the market include provision requiring companies to demonstrate compounded annual growth in gross revenue or employment of at

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least 20% over the last three periods of account preceding admission (“the pre-admission periods”).

- (6) In subsection (5)—
- “period of account” of a company means a period for which the company draws up accounts;
 - “recognised stock exchange” has the meaning given by section 1005(1) of the Income Tax Act 2007.
- (7) For the purposes of subsection (5)(a) a company's market capitalisation at the relevant time is the average of the closing market capitalisations of the company on the last trading day of each calendar month (or part of a calendar month) in the qualifying period.
- (8) “The qualifying period” means whichever is the shorter of—
- (a) the last three calendar years preceding the relevant time, or
 - (b) the period beginning with the day on which the company is admitted to trading on the market and ending at the end of the last calendar year preceding the relevant time.
- (9) For the purposes of subsection (5)(a), a company is to be disregarded if it is admitted to trading on the market in the calendar year in which the relevant time falls.
- (10) In the case of a company with a market capitalisation in a currency other than sterling, the closing market capitalisation for the last trading day of any calendar month is to be taken, for the purposes of subsection (7), to be the sterling equivalent of that capitalisation (calculated by reference to the spot rate of exchange for that last trading day).
- (11) For the purposes of subsection (5)(b), the percentage of the compounded annual growth in gross revenue over the pre-admission periods is calculated by applying the formula—

$$\left(\left(\frac{EV}{BV} \right)^{1/3} - 1 \right) \times 100$$

where—

“EV” is the company's gross revenue for the last of the pre-admission periods,

“BV” is the company's gross revenue for the period of account immediately preceding the pre-admission periods.

- (12) For those purposes, the percentage of the compounded annual growth in employment over the pre-admission periods is calculated by applying the formula—

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$$\left(\left(\frac{EV}{BV} \right)^{1/3} - 1 \right) \times 100$$

where—

“EV” is the number of employees of the company at the end of the last of the pre-admission periods,

“BV” is the number of employees of the company at the end of the period of account immediately preceding the pre-admission periods.

- (13) The Treasury may by regulations—
- (a) make provision for the revocation by the Commissioners of a recognition under this section and about the consequences of a revocation;
 - (b) amend this section so as to add, remove or alter a condition which must be met in relation to a market for it to be recognised by the Commissioners under this section.
- (14) Regulations under this section may contain incidental, supplemental, consequential and transitional provision and savings.
- (15) The power to make regulations under this section is exercisable by statutory instrument, and any statutory instrument containing such regulations is subject to annulment in pursuance of a resolution of the House of Commons.
- (16) This section is to be construed as one with the Stamp Act 1891.”

Commencement of Part 1 and transitional provision

- 4 (1) The amendment made by paragraph 2 has effect in relation to any agreement to transfer securities—
- (a) where the agreement is conditional, if the condition is satisfied on or after 28 April 2014, and
 - (b) in any other case, if the agreement is made on or after that date.
- (2) Subject to sub-paragraph (3), the amendment made by paragraph 3 is treated as having come into force on 28 April 2014.
- (3) The following provisions of section 99A of FA 1986 (inserted by paragraph 3) come into force on the day on which this Act is passed—
- (a) paragraph (b) of subsection (13), and
 - (b) subsections (14) and (15) so far as relating to that paragraph.
- (4) Where, having been satisfied as mentioned in subsection (4) of section 99A of FA 1986, the Commissioners for Her Majesty's Revenue and Customs have recognised a market as a growth market in anticipation of the coming into force of that section, that recognition has effect on and after 28 April 2014 as if it were a recognition under that section.

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PART 2

STAMP DUTY

Main charge

- 5 Stamp duty is not chargeable under Schedule 13 to FA 1999 (transfers on sale) on instruments relating to stock or marketable securities admitted to trading on a recognised growth market but not listed on any market.

Charge in relation to the purchase by a company of its own shares

- 6 Stamp duty is not chargeable by virtue of section 66(2) of FA 1986 (return relating to company's purchase of own shares treated as instrument of transfer on sale) on returns relating to shares admitted to trading on a recognised growth market but not listed on any market.

Charge in relation to property vested by Act or purchased under statutory power

- 7 Section 12 of FA 1895 (collection of stamp duty in cases of property vested by Act or purchased under statutory powers) does not apply to stock or marketable securities admitted to trading on a recognised growth market but not listed on any market.

Interpretation of paragraphs 5 to 7

- 8 In paragraphs 5 to 7 “listed” and “recognised growth market” are to be construed in accordance with section 99A of FA 1986 (inserted by paragraph 3 of this Schedule).

Depository receipts: charge

- 9 In section 67 of FA 1986 (depository receipts), after subsection (8) insert—
- “(8A) Where an instrument transfers shares or stock or marketable securities admitted to trading on a recognised growth market but not listed on any market, subsections (2) to (5) do not apply and stamp duty is not chargeable on the instrument.
- (8B) In subsection (8A) “listed” and “recognised growth market” are to be construed in accordance with section 99A below.”

Clearance services: charge

- 10 In section 70 of that Act (clearance services), after subsection (8) insert—
- “(8A) Where an instrument transfers shares or stock or marketable securities admitted to trading on a recognised growth market but not listed on any market, subsections (2) to (5) do not apply and stamp duty is not chargeable on the instrument.
- (8B) In subsection (8A) “listed” and “recognised growth market” are to be construed in accordance with section 99A below.”

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Charge on transfers of partnership interests

- 11 (1) Schedule 15 to FA 2003 (SDLT: partnerships) is amended as follows.
- (2) In paragraph 31(1) (stamp duty on transfers of partnership interests: continued application), after “that section” insert “ or in Schedule 24 to the Finance Act 2014 (abolition of stamp duty in relation to certain securities) ”.
- (3) In paragraph 33—
- (a) in sub-paragraph (1A), for “stock or marketable” substitute “ relevant ”,
 - (b) in sub-paragraph (3), for “stock or marketable” substitute “ relevant ”,
 - (c) in that sub-paragraph omit “that stock and” (in both places),
 - (d) in sub-paragraph (6), for “stock or” (in each place) substitute “ relevant ”,
 - (e) in sub-paragraph (7), for “stock or” (in both places) substitute “ relevant ”, and
 - (f) after sub-paragraph (8) insert—
- “(8A) In this paragraph “relevant securities” means stock or marketable securities other than any stock or marketable securities admitted to trading on a recognised growth market but not listed on any market.”

Commencement of Part 2

- 12 (1) Paragraph 6 has effect in relation to any purchase of shares by a company on or after 28 April 2014.
- (2) Paragraph 7 has effect in relation to—
- (a) any Act passed on or after 28 April 2014, and
 - (b) any instrument of transfer pursuant to such an Act executed on or after that date.
- (3) Paragraph 8 is treated as having come into force on 28 April 2014.
- (4) Subject to that, this Part of this Schedule has effect in relation to—
- (a) any instrument which is executed on or after 28 April 2014 in pursuance of—
 - (i) an agreement made on or after that date, or
 - (ii) a conditional agreement made before that date where the condition is satisfied on or after that date, and
 - (b) any instrument which is not executed in pursuance of a contract and is executed on or after that date.

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