Finance Act 1967

1967 CHAPTER 54

PART V

STAMP DUTIES

27 Conveyances and transfers on sale: reduction of duty, and amendment of provisions for exemption.

(1) As respects instruments executed on or after 1st August 1967, section 55(1) of, and Part I of Schedule 11 to, the Finance Act 1963 (under which duty is not chargeable on conveyances or transfers certified at £4,500, and is chargeable at a special rate on those certified at £6,000) shall have effect with the substitution of " £5,500 " for " £4,500 " and " £7,000 " for " £6,000 ", wherever occurring, and " £5,500 " shall also be substituted for " £4,500 " in section 34(8) of the Finance Act 1958 (which makes supplemental provision as to receipts).

(2) Section 42 of the Finance Act 1930 (which exempts from duty conveyances and transfers complying with subsection (2) of that section, that is to say, between companies with limited liability, where one owns ninety per cent. of the issued share capital of the other or a third owns ninety per cent. of the issued share capital of each) shall be amended as respects instruments executed on or after the said 1st August by substituting for the said subsection (2) the following subsections—

"(2) This section applies to any instrument as respects which it is shown to the satisfaction of the Commissioners that the effect thereof is to convey or transfer a beneficial interest in property from one body corporate to another, and that the bodies in question are associated, that is to say, one is beneficial owner of not less than ninety per cent. of the issued share capital of the other, or a third such body is beneficial owner of not less than ninety per cent. of the issued share capital of each.

(3) The ownership referred to in subsection (2) above is ownership either directly or through another body corporate or other bodies corporate, or partly directly and partly through another body corporate or other bodies corporate, and Part I of Schedule 4 to the Finance Act 1938 (determination of amount of

capital held through other bodies corporate) shall apply for the purposes of this section with the substitution of references to issued share capital for references to ordinary share capital."

(3) The said section 42 shall not apply to any instrument executed on or after the said 1st August unless it is also shown to the satisfaction of the Commissioners that the instrument was not executed in pursuance of or in connection with an arrangement whereunder—

(a) the consideration, or any part of the consideration, for the conveyance or transfer was to be provided or received, directly or indirectly, by a person other than a body corporate which at the time of the execution of the instrument was associated within the meaning of the said section 42 with either the transferor or the transferee (meaning, respectively, the body from whom and the body to whom the beneficial interest was conveyed or transferred), or

(b) the said interest was previously conveyed or transferred, directly or indirectly, by such a person, or

(c) the transferor and the transferee were to cease to be associated within the meaning of the said section 42 by reason of a change in the percentage of the issued share capital of the transferee in the beneficial ownership (within the meaning of that section) of the transferor or a third body corporate ;

and, without prejudice to the generality of paragraph (a) above, an arrangement shall be treated as within that paragraph if it is one whereunder the transferor or the transferee, or a body corporate associated with either as there mentioned, was to be enabled to provide any of the consideration, or was to part with any of it, by or in consequence of the carrying out of a transaction or transactions involving, or any of them involving, a payment or other disposition by a person other than a body corporate so associated.

This subsection shall, as respects instruments executed on or after the said 1st August, have effect in substitution for section 50 of the Finance Act 1938.

28 Loan capital: increase of duty, and amendments as to exemptions and reliefs.

(1) The duty on statements of loan capital imposed by section 8 of the Finance Act 1899 shall, as respects capital issued on or after 1st August 1967, be charged at the rate of ten shillings (instead of two shillings and sixpence) per hundred pounds or part thereof.

(2) To the extent that duty under that section is shown to the satisfaction of the Commissioners to have been paid as respects any capital so issued, no trust deed or other instrument securing the capital shall be chargeable with duty under the heading " Marketable Security ", or that beginning " Mortgage, Bond, Debenture, Covenant ", in Schedule 1 to the Stamp Act 1891; and the Commissioners shall, upon application, denote on any such instrument the payment of the duty on the

This subsection shall, as respects capital so issued, have effect in substitution for subsection (3) of the said section 8 (which exempts a statement if duty has been paid on the trust deed or other instrument); and, in consequence of that subsection ceasing to have effect, the definition of " loan capital " in subsection (5) of the said section 8 shall be amended by inserting after the words " or in any other form " the words " and whether the loan thereof is secured by a mortgage, marketable security or other instrument, or is unsecured ".

(3) Section 29 of the Finance Act 1934 (which provides that, for the purposes of the said section 8, " loan capital " does not include capital which cannot be dealt in on a stock

exchange in the United Kingdom) shall not apply to loan capital issued on or after the said 1st August by a company unless it is to be repaid within five years of the date of issue, or is repayable on demand or after notice not exceeding twelve months by the person for the time being entitled to repayment; and where any loan capital has been issued without payment of duty under the said section 8 by reason of the terms as to its repayment, and those terms are varied in such a manner that it would have been chargeable with duty under that section if the new terms had been the terms of issue—

(a) the said section 8 shall apply thereto as if it were an amount of loan capital issued by the company at the time when the variation took effect, but

(b) if duty under the heading " Marketable Security ", or that beginning " Mortgage, Bond, Debenture, Covenant ", in Schedule 1 to the Stamp Act 1891 has been paid on one or more trust deeds or other instruments securing the capital or any part thereof, or securing it together with other loan capital, the duty chargeable by virtue of paragraph (a) above shall be reduced by an amount equal to the excess of the duty paid on those instruments over that which would have been so payable if they had not secured it or, as the case may be, that part of it.

(4) For the purposes of the last preceding subsection, loan capital shall not be treated as falling to be repaid within five years of its date of issue if it is issued pursuant to an agreement under or by virtue of which the borrower is or may be entitled to receive another loan for a period which will or may expire more than five years after that date.

(5) Section 10(1) of the Finance Act 1907 (relief from duty where loan capital is applied in the conversion or consolidation of existing loan capital) shall have effect in relation to duty paid at the increased rate provided for by subsection (1) above as if it provided for repayment at the rate of nine shillings and sixpence (instead of two shillings) per hundred pounds; and where loan capital is issued on or after the said 1st August—

(a) in connection with such a scheme for reconstruction or amalgamation as is referred to in section 55 of the Finance Act 1927 (relief from capital and transfer duty), and in exchange for holdings of loan capital of the existing company referred to in that section, by a company which satisfies the Commissioners that the conditions specified in subsection (1) of that section exist in connection with the scheme, or

(b) by a body corporate not having a share capital, in exchange for holdings of loan capital of any undertaking which it acquires,

the capital so issued shall, to an amount not exceeding that of the holdings for which it is exchanged, be treated for the purposes of the said section 10(1) as having been applied in the conversion of existing loan capital, but so that where, in a case falling within paragraph (a) above, subsection (6) of the said section 55 operates to withdraw an exemption from the company, or would have so operated had any exemption been granted under that section, an amount equal to any repayment made to the company by virtue of this subsection shall be recoverable from the company as a debt due to the Crown, together with interest thereon at the rate of five per cent per annum from the date of the repayment.

(6) Subsection (1) above shall apply to loan capital issued on or after the said 1st August notwithstanding that a statement relating to it (whether or not with other loan capital) was delivered pursuant to the said section 8 before that day, and the additional duty chargeable by virtue of that subsection shall in such a case be payable on the day on which the capital in question is issued; and where duty under the heading " Marketable Security ", or that beginning " Mortgage, Bond, Debenture, Covenant ", in Schedule 1 to the Stamp Act 1891 has been paid on one or more trust deeds or other instruments

executed before the said 1st August and securing loan capital any part of which is issued on or after that day, the duty chargeable under the said section 8 as respects that part by virtue of subsections (1) and (2) above shall be payable on the day on which it is issued, but shall be reduced by an amount equal to the excess of the duty paid on those instruments over that which would have been so payable if they had not secured that part.

29 Local authorities: exemption of loan capital and securities, and of transfers of their stock.

(1) Section 8 of the Finance Act 1899 (duty on loan capital of local authorities and other bodies) shall not apply to capital issued by a local authority on or after 1st August 1967.

(2) Stamp duty shall not be chargeable—

(a) in respect of any instrument executed or issued on or after the said 1st August and securing money lent to a local authority, or

(b) in respect of the transfer on or after that date of any stock issued by, or other security for money lent to, a local authority.

(3) In subsections (1) and (2) above " local authority " has the meaning given by section 66(2) of the Finance Act 1965

(4) In consequence of subsection (1) above, section 8 of the said Act of 1899 shall be amended as respects loan capital issued on or after the said 1st August by omitting the words " local authority " in each place where they occur, and the definition of that expression in subsection (5) of that section; and the reference in subsection (1) of that section to any corporation, company or body of persons formed or established in the United Kingdom shall be construed as from that date as a reference to any corporation, company or body of persons formed or established in Great Britain other than a local authority within the meaning of section 66 of the said Act of 1965.

(5) In consequence of subsection (2) above—

(a) section 115 of the Stamp Act 1891 (composition agreements by local authorities and others with respect to transfer duty) shall cease as from the said 1st August to apply to any local authority to which that subsection applies, and

(b) section 66 of the Finance Act 1963 (composition of stamp duty on issue of local authorities' securities) shall cease to have effect as from that date,

but this subsection shall not affect the operation of the said section 115 in relation to accounts falling due thereunder before that date, or that of the said section 66 in relation to instruments issued before that date or accounts relating to instruments so issued.

30 Exemption for bearer instruments relating to stock in foreign currencies.

(1) Subject to subsection (2) below, no duty shall be chargeable under the heading " Bearer Instrument " in Schedule 1 to the Stamp Act 1891 On the issue on or after 1st August 1967 of any instrument which relates to stock expressed in the currency of a territory outside the scheduled territories, or on the transfer on or after that date of the stock constituted by, or transferable by means of, any such instrument.

(2) Where the stock to which any instrument relates consists of a loan for the repayment of which there is an option between one or more currencies within subsection (1) above

and one or more other currencies, that subsection shall apply to the instrument if the option is exercisable only by the holder of the stock, and shall not apply to it in any other case.

(3) Where the capital stock of any company or body of persons is not expressed in terms of any currency, it shall be treated for the purposes of subsection (1) above as expressed in the currency of the territory under the law of which the company or body is formed or established; and a unit under a unit trust scheme, or a share in a foreign mutual fund, shall be treated for the purposes of this section as capital stock of a company or body formed or established in the territory by the law of which the scheme or fund is governed.

(4) Where there is a change in the territories comprised in the scheduled territories, any instrument which was exempt from duty on issue by virtue of subsection (1) above, but would not have been so exempt if it had been issued immediately after the change, shall be chargeable with duty under the heading mentioned in that subsection on any transfer in Great Britain of the stock constituted by, or transferable by means of, the instrument, and sections 60 and 61 of the Finance Act 1963 shall apply accordingly.

(5) In this section—

" foreign mutual fund " means a fund administered under arrangements governed by the law of a territory outside the United Kingdom whereby subscribers to the fund are entitled to participate in, or receive payments by reference to, profits or income arising to the fund from the acquisition, holding, management or disposal of investments, and " share ", in relation to a foreign mutual fund, means the right of a subscriber, or of another in his right, to participate in, or receive payments by reference to, profits or income so arising;

" the scheduled territories " means the territories specified in Schedule 1 to the Exchange Control Act 1947 as for the time being in force ;

" stock ", except in the expression " capital stock ", shall be construed in accordance with section 59(4) of the Finance Act 1963 ; and

" unit trust scheme ", and " unit " in relation to a unit trust scheme, have the meanings given to them by section 57 of the Finance Act 1946.

31 Stamping of foreign bills of exchange.

(1) The Commissioners may enter into an agreement with any banker whereby—

(a) the banker pays a sum to them on account of the stamp duty chargeable on bills of exchange drawn or made outside the United Kingdom which are presented to him for payment, and

(b) in substitution for the requirements of the Stamp Act 1891 with respect to the fixing and cancelling of adhesive stamps, but subject to—

(i) compliance with such terms and conditions as the Commissioners may think proper to cause to be contained in the agreement, and

(ii) the aggregate amount of the duty chargeable on instruments marked in accordance with the agreement not exceeding the sum so paid on account,

any such instrument may be marked by or on behalf of the banker with such indication of the payment of stamp duty as the Commissioners may require;

and any instrument marked in accordance with such an agreement shall be treated as duly stamped for all purposes.

(2) Where a banker has paid a sum on account under any such agreement, the Commissioners may, on a claim made not later than two years after it was paid, repay so much of that sum as they are satisfied can no longer be required for payment of duty on bills presented to him for payment as mentioned in subsection (1) above.

(3) Except in so far as the context otherwise requires, any reference in sections 9 and 10 of the Stamp Duties Management Act 1891 (which relate to allowances for spoiled stamps) to a stamp shall include a reference to any such indication of the payment of stamp duty as is referred to in subsection (1)(b) above.