



# Telecommunications Act 1984

## 1984 CHAPTER 12

### PART V

#### TRANSFER OF UNDERTAKING OF BRITISH TELECOMMUNICATIONS

##### *Miscellaneous and supplemental*

#### **70 Application of law in relation to offer of shares or debentures of the successor company**

- (1) This section applies where the Secretary of State or a nominee of his offers for sale to the public shares or debentures of the successor company at a time when that company is wholly owned by the Crown; and in this section " full prospectus " means a prospectus which complies, or is deemed to comply, with the requirements of Schedule 4 to the Companies Act 1948 (matters to be specified in prospectus and reports to be set out therein).
- (2) If the shares or debentures are offered by a full prospectus as respects which the conditions mentioned in subsection (3) below are fulfilled (in this section referred to as " the offer prospectus "), any form of application for the shares or debentures may (instead of being issued with a full prospectus) be issued with a notice given by the Secretary of State which includes—
  - (a) a brief description of the shares or debentures offered, the terms of the offer, the successor company's business and its financial position ;
  - (b) an indication of the places in the United Kingdom where copies of the offer prospectus are to be available for inspection by members of the public; and
  - (c) a statement of the effect of subsections (4) and (5) below.
- (3) The said conditions are—
  - (a) that a copy of the prospectus has been delivered to the registrar of companies in pursuance of section 41 of the said Act of 1948 ; and
  - (b) that arrangements have been made with a view to securing—

---

*Status: This is the original version (as it was originally enacted).*

---

- (i) that on or before the date of receipt of the form of application by a member of the public a copy of the prospectus is published in not less than four national newspapers ; and
  - (ii) that on that date copies of the prospectus are generally available in the United Kingdom for inspection by members of the public.
- (4) Where a form of application is issued without a full prospectus but with a notice given by the Secretary of State under subsection (2) above, then, for the purposes of any enactment or any rule of law—
- (a) the notice shall be taken to have incorporated the offer prospectus; and
  - (b) any application for the shares or debentures which is made in pursuance of the notice shall be taken to have been made in pursuance of that prospectus.
- (5) Where a form of application is issued without a full prospectus, neither the form of application nor any document which is issued with it shall be regarded—
- (a) as a prospectus for the purposes of sections 37 to 46 of the said Act of 1948 (prospectus requirements); or
  - (b) as a circular for the purposes of section 14 of the Prevention of Fraud (Investments) Act 1958 or section 13 of the Prevention of Fraud (Investments) Act (Northern Ireland) 1940 (circulars relating to investments),
- but only, where the form of application is issued without a notice given by the Secretary of State under subsection (2) above, for the purpose of determining the liability of persons other than the Secretary of State.

## **71 Application of Trustee Investments Act 1961 in relation to investment in the successor company**

- (1) For the purpose of applying paragraph 3(b) of Part IV of Schedule 1 to the Trustee Investments Act 1961 (which provides that shares and debentures of a company shall not count as wider-range and narrower-range investments respectively within the meaning of that Act unless the company has paid dividends in each of the five years immediately preceding that in which the investment is made) in relation to investment in shares or debentures of the successor company during the calendar year in which the transfer date falls (" the first investment year") or during any year following that year, the successor company shall be deemed to have paid, a dividend as there mentioned—
- (a) in any year preceding the first investment year which is included in the relevant five years; and
  - (b) in the first investment year, if that year is included in the relevant five years and the successor company does not in fact pay such a dividend in that year.
- (2) In subsection (1) above "the relevant five years" means the five years immediately preceding the year in which the investment in question is made or proposed to be made.

## **72 Tax provisions**

- (1) Subject to subsection (2) below and paragraph 39 of Schedule 5 to this Act, the successor company shall be treated for all purposes of corporation tax and development land tax as if it were the same person as British Telecommunications.
- (2) The successor company shall not by virtue of subsection (1) above be regarded as a body falling within section 272(5) of the Income and Corporation Taxes Act 1970 (bodies established for carrying on industries or undertakings under

national ownership or control) or subsection (10) of section 23 of the Development Land Tax Act 1976 (statutory undertakers); and subsection (1) above shall not be regarded as preventing the vesting in the successor company of an interest of British Telecommunications constituting a disposal for the purposes of the said section 23.

- (3) Where, in the discharge of any liability which is vested in the successor company by this Act, the successor company makes payments to a retirement benefits scheme with a view to the provision of relevant benefits for persons who are employees of the Post Office, the Tax Acts shall have effect in relation to those payments—

- (a) as if those persons were employees of the successor company ; and
- (b) where the scheme is an exempt approved scheme, as if paragraph (a) of the proviso to section 21(3) of the Finance Act 1970 were omitted ;

and in this subsection expressions which are also used in Chapter II of Part II of the said Act of 1970 have the same meanings as in that Chapter.

- (4) The vesting in the successor company by virtue of section 60 above of liability for any loan made to British Telecommunications shall not affect any direction in respect of the loan which has been given by the Treasury under section 416 of the Income and Corporation Taxes Act 1970 (income tax exemption for interest on foreign currency securities).
- (5) If the transfer date falls before the end of the period of three years beginning with 1st October 1981, then, for the purposes of section 29 of the Value Added Tax Act 1983 (value added tax: group registration) the successor company, the Post Office and any bodies corporate resident in the United Kingdom which are subsidiaries of either of those bodies shall be eligible to be treated as members of a group from that date until the end of that period; and where, by virtue of this subsection, two or more bodies are so treated, the Commissioners of Customs and Excise shall, as soon as practicable after the end of that period, terminate that treatment from such date as may be specified in the notice.

## **73 Interpretation of Part V**

- (1) In this Part—

" debenture " includes debenture stock ;

" securities", in relation to a company, includes shares, debentures, bonds and other securities of the company, whether or not constituting a charge on the assets of the company;

" shares " includes stock ;

" subsidiary " has the same meaning as in the Companies Act 1948.

- (2) An order under section 60 above nominating any company for the purposes of that section and an order under subsection (1) of that section appointing the transfer date may be varied or revoked by a subsequent order at any time before any property, rights or liabilities vest in any company by virtue of section 60 above.
- (3) A company shall be regarded for the purposes of this Part as wholly owned by the Crown at any time when all the issued shares in the company are held by or on behalf of the Crown.