



# Finance Act 1985

## 1985 CHAPTER 54

### PART III

#### STAMP DUTY

#### **81 Renounceable letters of allotment etc.**

- (1) Subsection (2) below applies where there is an arrangement whereby—
  - (a) rights under an instrument are renounced in favour of a person (A).
  - (b) the rights are rights to shares in a company (company B), and
  - (c) A, or a person connected with A, or A and such a person together, has or have control of company B or will have such control in consequence of the arrangement.
- (2) The instrument shall not be exempt by virtue of section 65(1) of the Finance Act 1963 (renounceable letters of allotment etc.) or section 14(1) of the Finance Act (Northern Ireland) 1963 (corresponding provision for Northern Ireland) from stamp duty under or by reference to the heading " Conveyance or Transfer on Sale " in Schedule 1 to the Stamp Act 1891.
- (3) References in this section to shares in company B include references to its loan capital to which section 126(1) of the Finance Act 1976 does not apply by virtue of section 126(2) or (3) (convertible loan capital and excessive return capital).
- (4) In this section " shares " includes stock.
- (5) For the purposes of this section a person has control of company B if he has power to control company B's affairs by virtue of holding shares in, or possessing voting power in relation to, company B or any other body corporate.
- (6) For the purposes of this section one person is connected with another if he would be so connected for the purposes of the Capital Gains Tax Act 1979.
- (7) This section applies to instruments if rights are renounced under them on or after 1st August 1985, except where the arrangement concerned includes an offer for the rights and on or before 27th June 1985 the offer became unconditional as to acceptances.