



Finance Act 1986

1986 CHAPTER 41

PART I

CUSTOMS AND EXCISE AND VALUE ADDED TAX

CHAPTER I

CUSTOMS AND EXCISE

The rates of duty

1 Tobacco products.

- (1) For the Table in Schedule 1 to the ^{M1}Tobacco Products Duty Act 1979 there shall be substituted—

“ TABLE

1.	Cigarettes	An amount equal to 21 per cent. of the retail price plus £30·61 per thousand cigarettes.
2.	Cigars	£47·05 per kilogram.
3.	Hand-rolling tobacco	£49·64 per kilogram.
4.	Other smoking tobacco and chewing tobacco	£24·95 per kilogram.”

- (2) This section shall be deemed to have come into force on 21st March 1986.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

Marginal Citations

M1 1979 c. 7.

2 Hydrocarbon oil.

- (1) In section 6(1) of the ^{M2}Hydrocarbon Oil Duties Act 1979 for “£0·1794” (light oil) and “£0·1515” (heavy oil) there shall be substituted “£0·1938” and “£0·1639” respectively.
- (2) In subsection (1) of section 11 of that Act (rebate on heavy oil) for paragraphs (a) and (b) there shall be substituted—
 - “(a) in the case of fuel oil, of £0·0077 a litre less than the rate at which the duty is for the time being chargeable;
 - (b) in the case of gas oil, of £0·0110 a litre less than the rate at which the duty is for the time being chargeable; and
 - (c) in the case of heavy oil other than fuel oil and gas oil, equal to the rate at which the duty is for the time being chargeable.”
- (3) For subsection (2) of section 11 of that Act (definition of types of heavy oil), there shall be substituted—

“(2) In this section—

“fuel oil” means heavy oil which contains in solution an amount of asphaltenes of not less than 0·5 per cent. or which contains less than 0·5 per cent. but not less than 0·1 per cent. of asphaltenes and has a closed flash point not exceeding 150½C; and

“gas oil” means heavy oil of which not more than 50 per cent. by volume distils at a temperature not exceeding 240½C and of which more than 50 per cent. by volume distils at a temperature not exceeding 340½C.”
- (4) This section shall be deemed to have come into force at 6 o’clock in the evening of 18th March 1986.

Marginal Citations

M2 1979 c. 5.

3 Vehicles excise duty.

- (1) The ^{M3}Vehicles (Excise) Act 1971 and the ^{M4}Vehicles (Excise) Act (Northern Ireland) 1972 shall be amended in accordance with this section.
- (2) For Part II of Schedule 2 to each of the Acts of 1971 and 1972 (annual rates of duty on hackney carriages) there shall be substituted the provisions set out in Part I of Schedule 1 to this Act.
- (3) In Schedule 4 to each of the Acts of 1971 and 1972 (annual rates of duty on goods vehicles)—

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (a) in Part I, in sub-paragraph (2) of paragraph 6 (farmer's goods vehicle or showman's goods vehicle having a plated gross weight or a plated train weight) in paragraph (b) (weight exceeding 7.5 tonnes but not exceeding 12 tonnes) for "£135" (which applies to farmers' goods vehicles only) there shall be substituted "£155"; and
 - (b) in Part II, for Tables A(1), C(1) and D(1) (rates for farmers' goods vehicles having plated weight exceeding 12 tonnes) there shall be substituted the Tables set out in Part II of Schedule 1 to this Act.
- (4) In section 16 of the Act of 1971, in subsection (5) (annual rates of duty for trade licences), including that subsection as set out in paragraph 12 of Part I of Schedule 7 to that Act, for "£46" and "£9" there shall be substituted respectively "£70" and "£14".
- ^{F1}(5)
- (6) Subsections (2) and (3) above apply in relation to licences taken out after 18th March 1986; and subsections (4) and (5) above apply in relation to licences taken out after 31st December 1986.
- (7) The Act of 1971 shall have effect subject to the further amendments in Part I of Schedule 2 to this Act; and the Act of 1972 shall have effect subject to the further amendments in Part II of that Schedule.
- (8) The amendments made by paragraphs 4 and 9 of Schedule 2 to this Act shall not come into force until 1st January 1987; and the amendments made by paragraphs 5 and 10 of that Schedule shall not have effect with respect to the surrender of licences taken out before that date.

Textual Amendments

F1 S. 3(5) repealed(1.10.1991) by Finance Act 1991 (c. 31, SIF 107:2), ss. 10, 123, **Sch. 19 Pt.IV**; S.I. 1991/2021, **art.2**.

Marginal Citations

M3 1971 c. 10.
M4 1972 c. 10. (N.I.).

Other provisions

4 Beer duty: minor amendments.

^{F2}(1)

- (2) After section 49 of the Alcoholic Liquor Duties Act 1979 there shall be inserted the following section—

“49 Drawback allowable to brewer for sale.

- (1) For the purpose of any claim for drawback by a brewer for sale in respect of duty charged on beer, duty which has been determined in accordance with regulations under section 49(1)(bb) above shall be deemed to be duty which has been paid (whether or not it is in fact paid by the time the claim is made).

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (2) Subject to such conditions as the Commissioners see fit to impose, drawback allowable to a brewer for sale in respect of beer may be set against any amount to which the brewer is chargeable under section 38 above and, in relation to a brewer for sale, any reference in this Act or the Management Act to drawback payable shall be construed accordingly.”

Textual Amendments

- F2** S. 4(1) repealed (1.6.1993) by Finance Act 1991 (c. 31, SIF 40:1), ss. 7, 123, **Sch. 19 Pt. II**; S.I. 1993/1152, art. 3(2), **Sch. 1 Pt. II** (with art. 4(1))

5 Warehousing regulations.

Schedule 3 to this Act (which contains amendments about warehousing regulations) shall have effect.

6 Betting duties and bingo duty in Northern Ireland.

- (1) The ^{M5}Betting and Gaming Duties Act 1981 (in this section referred to as “the 1981 Act”) shall have effect subject to the amendments in Part I of Schedule 4 to this Act, being amendments designed to extend to Northern Ireland—
- (a) the provisions of the 1981 Act relating to general betting duty and pool betting duty (in place of the provisions of Part III of the ^{M6}Miscellaneous Transferred Excise Duties Act (Northern Ireland) 1972 relating to those duties); and
 - (b) the provisions of the 1981 Act relating to bingo duty.
- (2) Part II of Schedule 4 to this Act shall have effect for the purpose of making consequential amendments of certain Northern Ireland legislation; and Part III of that Schedule shall have effect for the purpose of extending to Northern Ireland certain subordinate legislation made under the 1981 Act.
- (3) Schedule 4 to this Act,—
- (a) so far as it relates to general betting duty or pool betting duty, shall come into force on the betting commencement date, but shall not have effect in relation to duty in respect of bets made before that date; and
 - (b) so far as it relates to bingo duty, shall come into force on the bingo commencement date, but shall not impose any charge to duty in respect of bingo played in Northern Ireland before that date.
- (4) Part III of the ^{M7}Miscellaneous Transferred Excise Duties Act (Northern Ireland) 1972 shall cease to have effect on the betting commencement date except in relation to duty in respect of bets made before that date.
- (5) In this section and Schedule 4 to this Act—
- “the betting commencement date” means 29th September 1986 or, if later, the day appointed for the coming into operation of Part II (betting) of the ^{M8}Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985; and
- “the bingo commencement date” means 29th September 1986 or, if later, the day appointed for the coming into operation of Chapter II of Part III (gaming on bingo club premises) of that Order.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

Marginal Citations

- M5** 1981 c. 63.
M6 1972 c. 11 (N.I.).
M7 1972 c. 11 (N.I.).
M8 S.I. 1985/1204 (N.I. 11).

7 Betting and gaming duties: evidence by certificate, etc.

After section 29 of the ^{M9}Betting and Gaming Duties Act 1981 there shall be inserted the following section—

“29A Evidence by certificate, etc.

- (1) A certificate of the Commissioners—
- that any notice required by or under this Act to be given to them had or had not been given at any date, or
 - that any permit, licence or authority required by or under this Act had or had not been issued at any date, or
 - that any return required by or under this Act had not been made at any date, or
 - that any duty shown as due in any return or estimate made in pursuance of this Act had not been paid at any date,
- shall be sufficient evidence of that fact until the contrary is proved.
- (2) A photograph of any document furnished to the Commissioners for the purposes of this Act and certified by them to be such a photograph shall be admissible in any proceedings, whether civil or criminal, to the same extent as the document itself.
- (3) Any document purporting to be a certificate under subsection (1) or (2) above shall be deemed to be such a certificate until the contrary is proved.”

Marginal Citations

- M9** 1981 c. 63.

8 Licences under the customs and excise Acts.

- (1) No excise licence duty shall be chargeable on the grant after 18th March 1986 of an excise licence under any of the provisions of the ^{M10}Alcoholic Liquor Duties Act 1979 (licensing of various activities relating to the production of alcoholic liquor) or under section 2 of the ^{M11}Matches and Mechanical Lighters Duties Act 1979 (licensing of manufacture of matches).
- (2) The following enactments shall cease to have effect—
- sections 12(2), 18(3), ^{F3} . . . and 75(3) of the Alcoholic Liquor Duties Act 1979 and section 2(2) of the Matches and Mechanical Lighters Duties Act 1979 (which provide for certain excise licences, the duty on which is abolished by subsection (1) above, to expire on a specific date in each year); and

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (b) section 81 of the Alcoholic Liquor Duties Act 1979 (under which a licence is required for the leeping or using of a still by any person otherwise than as a distiller, rectifier or compounder).
- (3) The holder of a licence under any of the enactments specified in subsection (5) below may surrender the licence to the Commissioners of Customs and Excise at any time.
- (4) The Commissioners of Customs and Excise may at any time revoke a licence granted in respect of any premises under any of the enactments specified in subsection (5) below if it appears to them that the holder of the licence has ceased to carry on at those premises the activity in respect of which the licence was granted.
- (5) The enactments referred to in subsections (3) and (4) above are—
- (a) section 12 of the Alcoholic Liquor Duties Act 1979 (distillers),
 - (b) section 18 of that Act (rectifiers),
 - (c) section 47 of that Act (brewers),
 - (d) section 48 of that Act (persons using premises for adding solutions to beer),
 - (e) section 54 of that Act (wine producers),
 - (f) section 55 of that Act (made-wine producers), and
 - ^{F4}(g)
- (6) Schedule 5 to this Act shall have effect for the purpose of supplementing the provisions of this section.

Textual Amendments

F3 Words in s. 8(2)(a) repealed (1.6.1993) by Finance Act 1991 (c. 31, SIF 40:2), ss. 7, 123, **Sch. 19 Pt.II**; S.I. 1993/1152, art. 3(1), **Sch. 1 Pt. II** (with art. 4(1))

F4 S. 8(5)(g) repealed (1.1.1993) by Finance (No. 2) Act 1992 (c. 48), s. 82, **Sch. 18 Pt.II**.

Marginal Citations

M10 1979 c. 4.

M11 1979 c. 6.

CHAPTER II

VALUE ADDED TAX

9 Fuel for private use.

- (1) The provisions of this section apply where, in any prescribed accounting period beginning after 6th April 1987, fuel which is or has previously been supplied to or imported or manufactured by a taxable person in the course of his business—
- (a) is provided or to be provided by the taxable person to an individual for private use in his own vehicle or a vehicle allocated to him and is so provided by reason of that individual's employment; or
 - (b) where the taxable person is an individual, is appropriated or to be appropriated by him for private use in his own vehicle; or
 - (c) where the taxable person is a partnership, is provided or to be provided to any of the individual partners for private use in his own vehicle.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (2) For the purposes of this section fuel shall not be regarded as provided to any person for his private use if it is supplied at a price which,—
- (a) in the case of fuel supplied to or imported by the taxable person, is not less than the price at which it was so supplied or imported; and
 - (b) in the case of fuel manufactured by the taxable person, is not less than the aggregate of the cost of the raw material and of manufacturing together with any excise duty thereon.
- (3) For the purposes of this section and Schedule 6 to this Act—
- (a) “fuel for private use” means fuel which, having been supplied to or imported or manufactured by a taxable person in the course of his business, is or is to be provided or appropriated for private use as mentioned in subsection (1) above;
 - [^{F5}(aa) any reference to fuel supplied to a taxable person shall include a reference to fuel acquired by a taxable person from another member State and any reference to fuel imported by a taxable person shall be confined to a reference to fuel imported by that person from a place outside the member States;]
 - (b) any reference to an individual’s own vehicle shall be construed as including any vehicle of which for the time being he has the use, other than a vehicle allocated to him;
 - (c) subject to subsection (9) below, a vehicle shall at any time be taken to be allocated to an individual if at that time it is made available (without any transfer of the property in it) either to the individual himself or to any other person, and is so made available by reason of the individual’s employment and for private use; and
 - (d) fuel provided by an employer to an employee and fuel provided to any person for private use in a vehicle which, by virtue of paragraph (c) above, is for the time being taken to be allocated to the employee shall be taken to be provided to the employee by reason of his employment.
- (4) Where under section 29 of the principal Act any bodies corporate are treated as members of a group, any provision of fuel by a member of the group to an individual shall be treated for the purposes of this section as provision by the representative member.
- (5) In relation to the taxable person, tax on the supply [^{F6}acquisition] or importation of fuel for private use shall be treated for the purposes of the principal Act as input tax, notwithstanding that the fuel is not used or to be used for the purposes of a business carried on by the taxable person (and, accordingly, no apportionment of tax shall fall to be made under section 14(4) of that Act by reference to fuel for private use).
- (6) At the time at which fuel for private use is put into the fuel tank of an individual’s own vehicle or of a vehicle allocated to him, the fuel shall be treated for the purposes of the principal Act as supplied to him by the taxable person in the course or furtherance of his business for a consideration determined in accordance with subsection (7) below (and, accordingly, where the fuel is appropriated by the taxable person to his own private use, he shall be treated as supplying it to himself in his private capacity).
- (7) In any prescribed accounting period of the taxable person in which, by virtue of subsection (6) above, he is treated as supplying fuel for private use to an individual, the consideration for all the supplies made to that individual in that period in respect of any one vehicle shall be that which, by virtue of Schedule 6 to this Act, is appropriate to a vehicle of that description, and that consideration shall be taken to be inclusive of tax.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (8) In any case where,—
- (a) in any prescribed accounting period, fuel for private use is, by virtue of subsection (6) above, treated as supplied to an individual in respect of one vehicle for a part of the period and in respect of another vehicle for another part of the period; and
 - (b) at the end of that period one of those vehicles neither belongs to him nor is allocated to him,
- subsection (7) above shall have effect as if the supplies made to the individual during those parts of the period were in respect of only one vehicle.
- (9) In any prescribed accounting period a vehicle shall not be regarded as allocated to an individual by reason of his employment if—
- (a) in that period it was made available to, and actually used by, more than one of the employees of one or more employers and, in the case of each of them, it was made available to him by reason of his employment but was not in that period ordinarily used by any one of them to the exclusion of the others; and
 - (b) in the case of each of the employees, any private use of the vehicle made by him in that period was merely incidental to his other use of it in that period; and
 - (c) it was in that period not normally kept overnight on or in the vicinity of any residential premises where any of the employees was residing, except while being kept overnight on premises occupied by the person making the vehicle available to them.
- (10) In this section and Schedule 6 to this Act—
- “employment” includes any office; and related expressions shall be construed accordingly;
- “the principal Act” means the ^{M12}Value Added Tax Act 1983;
- “vehicle” means a mechanically propelled road vehicle other than—
- (a) a motor cycle as defined in [^{F7}section 185(1) of the Road Traffic Act 1988] or, for Northern Ireland, in Article 37(1)(f) of the ^{M13}Road Traffic (Northern Ireland) Order 1981, or
 - (b) an invalid carriage as defined in [^{F7}that section] or, for Northern Ireland, in Article 37(1)(g) of that Order.
- (11) This section and Schedule 6 to this Act shall be construed as one with the principal Act.

Textual Amendments

- F5** S. 9(3)(aa) inserted (1.1.1993) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. III para. 94(a)**; S.I. 1992/3261, **art. 3**, Sch.
- F6** Word in s. 9(5) inserted (1.1.1993) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. III para. 94(b)**; S.I. 1992/3261, **art. 3**, Sch.
- F7** Words substituted by virtue of Road Traffic (Consequential Provisions Act 1988 (c. 54, SIF 107:1), s. 4, **Sch. 3 para. 32** (the substitution being expressed to be in the definition of "motor vehicles")

Marginal Citations

- M12** 1983 c. 55.
- M13** S.I. 1981/154 (N.I. 1).

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

10 Registration of two or more persons as one taxable person.

- (1) In Schedule 1 to the ^{M14}Value Added Tax Act 1983 (registration) after paragraph 1 there shall be inserted the following paragraph—

“1A (1) Without prejudice to paragraph 1 above, if the Commissioners make a direction under this paragraph, the persons named in the direction shall be treated as a single taxable person carrying on the activities of a business described in the direction and that taxable person shall be liable to be registered with effect from the date of the direction or, if the direction so provides, from such later date as may be specified therein.

- (2) The Commissioners shall not make a direction under this paragraph naming any person unless they are satisfied—

- (a) that he is making or has made taxable supplies; and
- (b) that the activities in the course of which he makes or made those taxable supplies form only part of certain activities which should properly be regarded as those of the business described in the direction, the other activities being carried on concurrently or previously (or both) by one or more other persons; and
- (c) that, if all the taxable supplies of that business were taken into account, a person carrying on that business would at the time of the direction be liable to be registered by virtue of paragraph 1 above; and
- (d) that the main reason or one of the main reasons for the person concerned carrying on the activities first referred to in paragraph (b) above in the way he does is the avoidance of a liability to be registered (whether that liability would be his, another person's or that of two or more persons jointly).

- (3) A direction made under this paragraph shall be served on each of the persons named in it.

- (4) Where, after a direction has been given under this paragraph specifying a description of business, it appears to the Commissioners that a person who was not named in that direction is making taxable supplies in the course of activities which should properly be regarded as part of the activities of that business, the Commissioners may make and serve on him a supplementary direction referring to the earlier direction and the description of business specified in it and adding that person's name to those of the persons named in the earlier direction with effect from—

- (a) the date on which he began to make those taxable supplies, or
- (b) if it was later, the date with effect from which the single taxable person referred to in the earlier direction became liable to be registered.

- (5) If, immediately before a direction (including a supplementary direction) is made under this paragraph, any person named in the direction is registered in respect of the taxable supplies made by him as mentioned in sub-paragraph (2) or sub-paragraph (4) above, he shall cease to be liable to be so registered with effect from whichever is the later of—

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (a) the date with effect from which the single taxable person concerned became liable to be registered; and
 - (b) the date of the direction.
- (6) In relation to a business specified in a direction under this paragraph, the persons named in the direction, together with any person named in a supplementary direction relating to that business (being the persons who together are to be treated as the taxable person), are in sub-paragraphs (7) and (8) below referred to as “the constituent members”.
- (7) Where a direction is made under this paragraph then, for the purposes of this Act,—
- (a) the taxable person carrying on the business specified in the direction shall be registerable in such name as the persons named in the direction may jointly nominate by notice in writing given to the Commissioners not later than fourteen days after the date of the direction or, in default of such a nomination, in such name as may be specified in the direction;
 - (b) any supply of goods or services by or to one of the constituent members in the course of the activities of the taxable person shall be treated as a supply by or to that person;
 - (c) each of the constituent members shall be jointly and severally liable for any tax due from the taxable person;
 - (d) without prejudice to paragraph (c) above, any failure by the taxable person to comply with any requirement imposed by or under this Act shall be treated as a failure by each of the constituent members severally; and
 - (e) subject to paragraphs (a) to (d) above, the constituent members shall be treated as a partnership carrying on the business of the taxable person and any question as to the scope of the activities of that business at any time shall be determined accordingly.
- (8) If it appears to the Commissioners that any person who is one of the constituent members should no longer be regarded as such for the purposes of paragraphs (c) and (d) of sub-paragraph (7) above and they give notice to that effect, he shall not have any liability by virtue of those paragraphs for anything done after the date specified in that notice and, accordingly, on that date he shall be treated as having ceased to be a member of the partnership referred to in paragraph (e) of that sub-paragraph.”
- (2) In section 40 of the ^{M15}Value Added Tax Act 1983 (appeals), in subsection (1), after paragraph (h) there shall be inserted the following paragraph—
- “(hh) any direction or supplementary direction made under paragraph 1A of Schedule 1 to this Act”.
- (3) In the said section 40, for the words from the beginning of subsection (3A) to “paragraph (m) above” there shall be substituted—
- “(3A) Where there is an appeal against a decision to make such a direction as is mentioned in subsection (1)(hh) above, the tribunal shall not allow the appeal unless it considers that the Commissioners could not reasonably have been satisfied as to the matters in paragraphs (a) to (d) of subparagraph (2) of

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

paragraph 1A of Schedule 1 to this Act or, as the case may be, as to the matters in sub-paragraph (4) of that paragraph.

(3B) Where, on an appeal against a decision with respect to any of the matters mentioned in subsection (1)(m) above”.

Marginal Citations

M14 1983 c. 55.

M15 1983 c. 55.

11 Long-stay accommodation.

(1) In paragraph 9 of Schedule 4 to the Value Added Tax Act 1983 (reduced value provision applicable to supply of accommodation in hotels etc. for periods exceeding four weeks) for the words preceding paragraph (a) there shall be substituted—

“(1) This paragraph applies where a supply of services consists in the provision of accommodation falling within paragraph (a) of item 1 of Group 1 in Schedule 6 to this Act and—

- (a) that provision is made to an individual for a period exceeding four weeks; and
- (b) throughout that period the accommodation is provided for the use of the individual either alone or together with one or more other persons who occupy the accommodation with him otherwise than at their own expense (whether incurred directly or indirectly).

(2) Where this paragraph applies”.

(2) This section applies to a supply of services on or after 1st November 1986.

12 Conditions for zero-rating of goods exported etc.

(1) In section 16 of the ^{M16}Value Added Tax Act 1983 (zero-rating) at the end of subsection (6) (goods exported or shipped as stores, etc.) there shall be added the words “and, in either case, if such other conditions, if any, as may be specified in regulations or the Commissioners may impose are fulfilled.”

(2) In subsection (9) of that section—

- (a) after the words “zero-rated” there shall be inserted “by virtue of subsection (6) above or”;
- (b) in paragraph (a) after the word “exported” there shall be inserted “or shipped”; and
- (c) in paragraph (b) for the word “regulations” there shall be substituted “relevant regulations under subsection (6), (7) or (8) above”.

Marginal Citations

M16 1983 c. 55.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

13 **Transfer of import relief.**

In section 19 of the Value Added Tax Act 1983 (relief from tax on importation of goods to give effect to international agreements etc.) after subsection (1) there shall be inserted the following subsection—

“(1A) In any case where—

- (a) it is proposed that goods which have been imported by any person (in this subsection referred to as “the original importer”) with the benefit of relief under subsection (1) above shall be transferred to another person (in this subsection referred to as “the transferee”) and
- (b) on an application made by the transferee, the Commissioners direct that this subsection shall apply,

this Act shall have effect as if, on the date of the transfer of the goods (and in place of the transfer), the goods were exported by the original importer and imported by the transferee and, accordingly, where appropriate, provision made under subsection (1) above shall have effect in relation to the tax chargeable on the importation of the goods by the transferee.”

14 **Penalty for tax evasion: liability of directors etc.**

(1) Where it appears to the Commissioners—

- (a) that a body corporate is liable to a penalty under section 13 of the ^{M17}Finance Act 1985 (civil penalty for value added tax evasion where conduct involves dishonesty), and
- (b) that the conduct giving rise to that penalty is, in whole or in part, attributable to the dishonesty of a person who is, or at the material time was, a director or managing officer of the body corporate (in this section referred to as a “named officer”), the Commissioners may serve a notice under this section on the body corporate and on the named officer.

(2) A notice under this section shall state—

- (a) the amount of the penalty referred to in subsection (1)(a) above (in this section referred to as “the basic penalty”); and
- (b) that the Commissioners propose, in accordance with this section, to recover from the named officer such portion (which may be the whole) of the basic penalty as is specified in the notice.

(3) Where a notice is served under this section, the portion of the basic penalty specified in the notice shall be recoverable from the named officer as if he were personally liable under section 13 of the ^{M18}Finance Act 1985 to a penalty which corresponds to that portion; and the amount of that penalty may be assessed and notified to him accordingly under section 21 of that Act.

(4) Where a notice is served under this section,—

- (a) the amount which, under section 21 of the Finance Act 1985, may be assessed as the amount due by way of penalty from the body corporate shall be only so much (if any) of the basic penalty as is not assessed on and notified to a named officer by virtue of subsection (3) above; and
- (b) the body corporate shall be treated as discharged from liability for so much of the basic penalty as is so assessed and notified.

(5) No appeal shall lie against a notice under this section as such but—

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (a) where a body corporate is assessed as mentioned in subsection (4)(a) above, the body corporate may appeal against the Commissioners' decision as to its liability to a penalty and against the amount of the basic penalty as if it were specified in the assessment; and
 - (b) where an assessment is made on a named officer by virtue of subsection (3) above, the named officer may appeal against the Commissioners' decision that the conduct of the body corporate referred to in subsection (1)(b) above is, in whole or part, attributable to his dishonesty and against their decision as to the portion of the penalty which the Commissioners propose to recover from him.
- (6) For the purposes of the ^{M19}Value Added Tax Act 1983, any appeal brought by virtue of subsection (5) above shall be treated as an appeal under section 40 of that Act; and the reference in subsection (1A) of that section to an amount assessed by way of penalty includes a reference to an amount assessed by virtue of subsection (3) or subsection (4)(a) above.
- (7) The provisions that may be included in rules under paragraph 9 of Schedule 8 to the ^{M20}Value Added Tax 1983 (procedure on appeals to value added tax tribunals) include provision with respect to the joinder of appeals brought by different persons where a notice is served under this section and the appeals relate to, or to different portions of, the basic penalty referred to in the notice.
- (8) In this section a "managing officer", in relation to a body corporate, means any manager, secretary or other similar officer of the body corporate or any person purporting to act in any such capacity or as a director; and where the affairs of a body corporate are managed by its members, this section shall apply in relation to the conduct of a member in connection with his functions of management as if he were a director of the body corporate.
- (9) This section does not apply where the conduct of the body corporate giving rise to the penalty took place before the passing of this Act.

Marginal Citations

M17 1985 c. 54.

M18 1985 c. 54.

M19 1983 c. 55.

M20 1983 c. 55.

15 Breaches of Treasury orders etc.

- (1) In section 17 of the ^{M21}Finance Act 1985 (civil penalties for breaches of regulatory provisions under the Value Added Tax Act 1983) at the end of paragraph (c) of subsection (1) there shall be inserted "or
 - (d) any order made by the Treasury under that Act; or
 - (e) any regulations made under the European Communities Act 1972 and relating to value added tax".
- (2) At the end of subsection (4)(b) of that section (previous failures before the passing of the 1985 Act to be disregarded in determining rate of daily penalty) there shall be added "or, in the case of a requirement falling within paragraph (d) or paragraph (e) of subsection (1) above, before the passing of the Finance Act 1986".

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

Marginal Citations
M21 1985 c. 54.

PART II
 INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I
 GENERAL

Tax rates and main reliefs

16— **F8**
22.

Textual Amendments
F8 Ss. 16–22 repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, [Sch. 31](#)

23 Employee share schemes: general amendments.
 **F9**

Textual Amendments
F9 S. 23 repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, [Sch. 31](#)

24 Approved profit sharing schemes: workers’ co-operatives.

(1) **F10**

- (4) Where, for the purpose of securing (and maintaining) approval of its profit sharing scheme in accordance with Part I of Schedule 9 to the Finance Act 1978, the rules of a society which is a workers’ co-operative or which is seeking to be registered under the industrial and provident societies legislation as a workers’ co-operative contain—
- (a) provision for membership of the society by the trustees of the scheme,
 - (b) provision denying voting rights to those trustees, or
 - (c) other provisions which appear to the registrar to be reasonably necessary for that purpose,

those provisions shall be disregarded in determining whether the society should be or continue to be registered under the industrial and provident societies legislation as a bona fide co-operative society.

(5) In subsection (4) above “the industrial and provident societies legislation” means—

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (a) the ^{M22}Industrial and Provident Societies Act 1965, or
 - (b) the ^{M23}Industrial and Provident Societies Act (Northern Ireland) 1969,
- and “registrar” has the same meaning as in each of those Acts and “co-operative society” has the same meaning as in section 1 of those Acts.

Textual Amendments

F10 S. 24(1)–(3) repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, [Sch. 31](#)

Marginal Citations

M22 1965 c. 12.
M23 1969 c. 24 (N.I.).

25— ^{F11}
32.

Textual Amendments

F11 Ss. 25–32 repealed with savings by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, [Sch. 31](#)

^{F12}33

Textual Amendments

F12 S. 33 repealed (1.9.1992) by [Charities Act 1992 \(c. 41\)](#), s. 78(2), [Sch.7](#); S.I. 1992/1900, art. 2(1), [Sch.1](#), Appendix.

Foreign element: expenses

34— ^{F13}
54.

Textual Amendments

F13 Ss. 34–54 repealed with savings by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, [Sch. 31](#)

CHAPTER II

CAPITAL ALLOWANCES

55— ^{F14}
57.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

Textual Amendments

F14 Ss. 55–57 repealed by Capital Allowances Act 1990 (c. 1, SIF 63:1), s. 164(4), **Sch. 2**

CHAPTER III

CAPITAL GAINS

58^{F15}

Textual Amendments

F15 S. 58 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with s. 201(3), Sch. 11 paras. 22, 26(2), 27).

59^{F16}

Textual Amendments

F16 S. 59 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with s. 201(3), Sch. 11 paras. 22, 26(2), 27).

60^{F17}

Textual Amendments

F17 S. 60 repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch.12** (with s. 201(3), Sch. 11 paras. 22, 26(2), 27).

CHAPTER IV

SECURITIES

61—^{F18}

63.

Textual Amendments

F18 Ss. 61–63 repealed by Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, **Sch. 31**

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

PART III

STAMP DUTY

Securities

64 Stock or marketable securities: reduction of rate.

^{F19}(1)

(2) Accordingly—

(a) in subsection (1) of each of those sections for the words “(2) and” there shall be substituted the words “(1A) to”;

(b) in subsection (2) of each of those sections for the words from “under” to “by reference to that heading” there shall be substituted the words “by reference to the heading mentioned in subsection (1) above.”

(3) This section applies to any instrument executed in pursuance of a contract made on or after the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.

Textual Amendments

F19 S. 64(1) repealed by Finance Act 1990 (c. 29, SIF 114), s. 132, Sch. 19 Pt. VI

65 Bearers: consequential provisions etc.

(1) In the heading “Bearer Instrument” in Schedule 1 to the Stamp Act 1891^{M24}, in column (2) (duty on certain overseas bearer instruments twice the transfer duty) for the word “twice” there shall be substituted the words “three times”.

(2) The following shall be inserted at the end of section 59(3) of the Finance Act 1963 (meaning of “transfer duty” for purposes of “Bearer Instrument” heading)— “ ; and the instrument so postulated shall be taken to transfer the stock on the day of issue or transfer (depending on whether section 60(1) or (2) of this Act applies) and to be executed in pursuance of a contract made on that day. ”

(3) The following shall be inserted at the end of section 8(3) of the Finance Act (Northern Ireland) 1963 (equivalent provision for Northern Ireland)— “ ; and the instrument so postulated shall be taken to transfer the stock on the day of issue or transfer (depending on whether paragraph (a) or (b) of section 9(1) applies) and to be executed in pursuance of a contract made on that day. ”

(4) This section applies to any instrument which falls within section 60(1) of the Finance Act 1963^{M25} and is issued on or after the day of The Stock Exchange reforms.

(5) This section applies to any instrument which falls within section 60(2) of that Act if the stock constituted by or transferable by means of it is transferred on or after the day of The Stock Exchange reforms.

(6) In this section “the day of The Stock Exchange reforms” means the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (7) In subsection (4) above the reference to section 60(1) of the Finance Act 1963 includes a reference to section 9(1)(a) of the Finance Act (Northern Ireland) 1963^{M26} and in subsection (5) above the reference to section 60(2) of the former Act includes a reference to section 9(1)(b) of the latter.

Marginal Citations

M24 1891 c. 39.

M25 1963 c. 25.

M26 1963 c. 22 (N. I.).

66 Company's purchase of own shares

- (1) This section applies where a company purchases its own shares under section 162 of the Companies Act 1985^{M27} or Article 47 of the Companies (Northern Ireland) Order 1982^{M28}.
- (2) The return which relates to the shares purchased and is delivered to the registrar of companies under section 169 of that Act or, as the case may be, Article 53 of that Order shall be charged with stamp duty, and treated for all purposes of the Stamp Act 1891^{M29}, as if it were an instrument transferring the shares on sale to the company in pursuance of the contract (or contracts) of purchase concerned.
- (3) Subject to subsection (4) below, this section applies to any return under section 169 of the Companies Act 1985, or Article 53 of the Companies (Northern Ireland) Order 1982, which is delivered to the registrar of companies on or after the day of The Stock Exchange reforms.
- (4) This section does not apply to any return to the extent that the shares to which it relates were purchased under a contract entered into before the day of The Stock Exchange reforms.
- (5) In this section “the day of The Stock Exchange reforms” means the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.

Marginal Citations

M27 1985 c. 6.

M28 S.I. 1982/1534 (N. I. 17).

M29 1891 c. 39.

Depository receipts

67 Depository receipts

- (1) Subject to subsection (9) below, subsection (2) or (3) below (as the case may be) applies where an instrument transfers relevant securities of a company incorporated in the United Kingdom to a person who at the time of the transfer falls within subsection (6), (7) or (8) below.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (2) If stamp duty is chargeable on the instrument under the heading “Conveyance or Transfer on Sale” in Schedule 1 to the Stamp Act 1891^{M30}, the rate at which the duty is charged under that heading shall be the rate of £1.50 for every £100 or part of £100 of the amount or value of the consideration for the sale to which the instrument gives effect.
- (3) If stamp duty is chargeable on the instrument under the heading “Conveyance or Transfer of any kind not hereinbefore described” in Schedule 1 to the Stamp Act 1891, the rate at which the duty is charged under that heading shall (subject to subsections (4) and (5) below) be the rate of £1.50 for every £100 or part of £100 of the value of the securities at the date the instrument is executed.
- (4) Subsection (3) above shall have effect as if “£1.50” read “£1” in a case where —
- (a) at the time of the transfer the transferor is a qualified dealer in securities of the kind concerned or a nominee of such a qualified dealer,
 - (b) the transfer is made for the purposes of the dealer’s business,
 - (c) at the time of the transfer the dealer is not a market maker in securities of the kind concerned, and
 - (d) the instrument contains a statement that paragraphs (a) to (c) above are fulfilled.
- (5) In a case where —
- (a) securities are issued, or securities sold are transferred, and (in either case) they are to be paid for in instalments,
 - (b) the person to whom they are issued or transferred holds them and transfers them to another person when the last instalment is paid,
 - (c) the transfer to the other person is effected by an instrument in the case of which subsection (3) above applies,
 - (d) before the execution of the instrument mentioned in paragraph (c) above an instrument is received by a person falling (at the time of the receipt) within subsection (6), (7) or (8) below,
 - (e) the instrument so received evidences all the rights which (by virtue of the terms under which the securities are issued or sold as mentioned in paragraph (a) above) subsist in respect of them at the time of the receipt, and
 - (f) the instrument mentioned in paragraph (c) above contains a statement that paragraphs (a), (b) and (e) above are fulfilled,
- subsection (3) above shall have effect as if the reference to the value there mentioned were to an amount (if any) equal to the total of the instalments payable, less those paid before the transfer to the other person is effected.
- (6) A person falls within this subsection if his business is exclusively that of holding relevant securities —
- (a) as nominee or agent for a person whose business is or includes issuing depositary receipts for relevant securities, and
 - (b) for the purposes of such part of the business mentioned in paragraph (a) above as consists of issuing such depositary receipts (in a case where the business does not consist exclusively of that).
- (7) A person falls within this subsection if —
- (a) he is specified for the purposes of this subsection by the Treasury by order made by statutory instrument, and

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (b) his business is or includes issuing depositary receipts for relevant securities.
- (8) A person falls within this subsection if —
- (a) he is specified for the purposes of this subsection by the Treasury by order made by statutory instrument,
 - (b) he does not fall within subsection (6) above but his business includes holding relevant securities as nominee or agent for a person who falls within subsection (7)(b) above at the time of the transfer, and
 - (c) he holds relevant securities as nominee or agent for such a person, for the purposes of such part of that person's business as consists of issuing depositary receipts for relevant securities (in a case where that business does not consist exclusively of that).
- (9) Where an instrument transfers relevant securities of a company incorporated in the United Kingdom —
- (a) to a company which at the time of the transfer falls within subsection (6) above and is resident in the United Kingdom, and
 - (b) from a company which at that time falls within that subsection and is so resident,
- subsections (2) to (5) above shall not apply and the maximum stamp duty chargeable on the instrument shall be 50p.
- (10) This section applies to any instrument executed on or after the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.

Marginal Citations

M30 1891 c. 39.

68 Depositary receipts: notification

- (1) A person whose business is or includes issuing depositary receipts for relevant securities of a company incorporated in the United Kingdom shall notify the Commissioners of that fact before the end of the period of one month beginning with the date on which he first issues such depositary receipts.
- (2) A person whose business includes (but does not exclusively consist of) holding relevant securities (being securities of a company incorporated in the United Kingdom)—
- (a) as nominee or agent for a person whose business is or includes issuing depositary receipts for relevant securities, and
 - (b) for the purposes of such part of the business mentioned in paragraph (a) above as consists of issuing such depositary receipts (in a case where the business does not consist exclusively of that),
- shall notify the Commissioners of that fact before the end of the period of one month beginning with the date on which he first holds such relevant securities as such a nominee or agent and for such purposes.
- (3) A company which is incorporated in the United Kingdom and becomes aware that any shares in the company are held by a person such as is mentioned in subsection (1) or (2)

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

above shall notify the Commissioners of that fact before the end of the period of one month beginning with the date on which the company first becomes aware of that fact.

- (4) A person who fails to comply with subsection (1) or (2) above shall be liable to a fine not exceeding £1,000.
- (5) A company which fails to comply with subsection (3) above shall be liable to a fine not exceeding £100.
- (6) Section 121 of the Stamp Act 1891^{M31}(recovery of penalties) shall apply to fines under subsection (4) or (5) above as it applies to fines imposed by that Act.

Marginal Citations

M31 1891 c. 39.

69 Depository receipts: supplementary

- (1) For the purposes of sections 67 and 68 above a depository receipt for relevant securities is an instrument acknowledging—
 - (a) that a person holds relevant securities or evidence of the right to receive them, and
 - (b) that another person is entitled to rights, whether expressed as units or otherwise, in or in relation to relevant securities of the same kind, including the right to receive such securities (or evidence of the right to receive them) from the person mentioned in paragraph (a) above,
 except that for those purposes a depository receipt for relevant securities does not include an instrument acknowledging rights in or in relation to securities if they are issued or sold under terms providing for payment in instalments and for the issue of the instrument as evidence that an instalment has been paid.
- (2) The Treasury may by regulations provide that for subsection (1) above (as it has effect for the time being) there shall be substituted a subsection containing a different definition of a depository receipt for the purposes of sections 67 and 68 above.
- (3) References in this section and sections 67 and 68 above to relevant securities, or to relevant securities of a company, are to shares in or stock or marketable securities of any company (which, unless otherwise stated, need not be incorporated in the United Kingdom).
- (4) For the purposes of section 67(3) above the value of securities at the date the instrument is executed shall be taken to be the price they might reasonably be expected to fetch on a sale at that time in the open market.
- (5) Where section 67(3) above applies, section 15(2) of the Stamp Act 1891^{M32}(stamping of instruments after execution) shall have effect as if the instrument were specified in the first column of the table in paragraph (d) and the transferee were specified (opposite the instrument) in the second.
- (6) For the purposes of section 67(4) above a person is a qualified dealer in securities of a particular kind if he deals in securities of that kind and—
 - (a) is a member of a recognised stock exchange (within the meaning given by section 535 of the Taxes Act), or
 - (b) is designated a qualified dealer by order made by the Treasury.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (7) For the purposes of section 67(4) above a person is a market maker in securities of a particular kind if he—
- (a) holds himself out at all normal times in compliance with the rules of The Stock Exchange as willing to buy and sell securities of that kind at a price specified by him, and
 - (b) is recognised as doing so by the Council of The Stock Exchange.
- (8) The Treasury may by regulations provide that for subsection (7) above (as it has effect for the time being) there shall be substituted a subsection containing a different definition of a market maker for the purposes of section 67(4) above.
- (9) The power to make regulations or an order under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

Marginal Citations

M32 1891 c. 39.

Clearance services

70 Clearance services

- (1) Subject to subsection (9) below, subsection (2) or (3) below (as the case may be) applies where an instrument transfers relevant securities of a company incorporated in the United Kingdom to a person who at the time of the transfer falls within subsection (6), (7) or (8) below.
- (2) If stamp duty is chargeable on the instrument under the heading “Conveyance or Transfer on Sale” in Schedule 1 to the Stamp Act 1891^{M33}, the rate at which the duty is charged under that heading shall be the rate of £1.50 for every £100 or part of £100 of the amount or value of the consideration for the sale to which the instrument gives effect.
- (3) If stamp duty is chargeable on the instrument under the heading “Conveyance or Transfer of any kind not hereinbefore described” in Schedule 1 to the Stamp Act 1891, the rate at which the duty is charged under that heading shall (subject to subsections (4) and (5) below) be the rate of £1.50 for every £100 or part of £100 of the value of the securities at the date the instrument is executed.
- (4) Subsection (3) above shall have effect as if “£1.50” read “£1” in a case where —
 - (a) at the time of the transfer the transferor is a qualified dealer in securities of the kind concerned or a nominee of such a qualified dealer,
 - (b) the transfer is made for the purposes of the dealer's business,
 - (c) at the time of the transfer the dealer is not a market maker in securities of the kind concerned, and
 - (d) the instrument contains a statement that paragraphs (a) to (c) above are fulfilled.
- (5) In a case where —

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (a) securities are issued, or securities sold are transferred, and (in either case) they are to be paid for in instalments,
- (b) the person to whom they are issued or transferred holds them and transfers them to another person when the last instalment is paid,
- (c) the transfer to the other person is effected by an instrument in the case of which subsection (3) above applies,
- (d) before the execution of the instrument mentioned in paragraph (c) above an instrument is received by a person falling (at the time of the receipt) within subsection (6), (7) or (8) below,
- (e) the instrument so received evidences all the rights which (by virtue of the terms under which the securities are issued or sold as mentioned in paragraph (a) above) subsist in respect of them at the time of the receipt, and
- (f) the instrument mentioned in paragraph (c) above contains a statement that paragraphs (a), (b) and (e) above are fulfilled,

subsection (3) above shall have effect as if the reference to the value there mentioned were to an amount (if any) equal to the total of the instalments payable, less those paid before the transfer to the other person is effected.

- (6) A person falls within this subsection if his business is exclusively that of holding relevant securities —
 - (a) as nominee or agent for a person whose business is or includes the provision of clearance services for the purchase and sale of relevant securities, and
 - (b) for the purposes of such part of the business mentioned in paragraph (a) above as consists of the provision of such clearance services (in a case where the business does not consist exclusively of that).
- (7) A person falls within this subsection if —
 - (a) he is specified for the purposes of this subsection by the Treasury by order made by statutory instrument, and
 - (b) his business is or includes the provision of clearance services for the purchase and sale of relevant securities.
- (8) A person falls within this subsection if —
 - (a) he is specified for the purposes of this subsection by the Treasury by order made by statutory instrument,
 - (b) he does not fall within subsection (6) above but his business includes holding relevant securities as nominee or agent for a person who falls within subsection (7)(b) above at the time of the transfer, and
 - (c) he holds relevant securities as nominee or agent for such a person, for the purposes of such part of that person's business as consists of the provision of clearance services for the purchase and sale of relevant securities (in a case where that business does not consist exclusively of that).
- (9) Where an instrument transfers relevant securities of a company incorporated in the United Kingdom —
 - (a) to a company which at the time of the transfer falls within subsection (6) above and is resident in the United Kingdom, and
 - (b) from a company which at that time falls within that subsection and is so resident,

subsections (2) to (5) above shall not apply and the maximum stamp duty chargeable on the instrument shall be 50p.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (10) This section applies to any instrument executed on or after the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.

Marginal Citations

M33 1891 c. 39.

71 Clearance services: notification

- (1) A person whose business is or includes the provision of clearance services for the purchase and sale of relevant securities of a company incorporated in the United Kingdom shall notify the Commissioners of that fact before the end of the period of one month beginning with the date on which he first provides such clearance services.
- (2) A person whose business includes (but does not exclusively consist of) holding relevant securities (being securities of a company incorporated in the United Kingdom)—
- (a) as nominee or agent for a person whose business is or includes the provision of clearance services for the purchase and sale of relevant securities, and
 - (b) for the purposes of such part of the business mentioned in paragraph (a) above as consists of the provision of such clearance services (in a case where the business does not consist exclusively of that),
- shall notify the Commissioners of that fact before the end of the period of one month beginning with the date on which he first holds such relevant securities as such a nominee or agent and for such purposes.
- (3) A company which is incorporated in the United Kingdom and becomes aware that any shares in the company are held by a person such as is mentioned in subsection (1) or (2) above shall notify the Commissioners of that fact before the end of the period of one month beginning with the date on which the company first becomes aware of that fact.
- (4) A person who fails to comply with subsection (1) or (2) above shall be liable to a fine not exceeding £1,000.
- (5) A company which fails to comply with subsection (3) above shall be liable to a fine not exceeding £100.
- (6) Section 121 of the Stamp Act 1891 ^{F20} (recovery of penalties) shall apply to fines under subsection (4) or (5) above as it applies to fines imposed by that Act.

Textual Amendments

F20 1891 c. 39.

72 Clearance services: supplementary

- (1) References in sections 70 and 71 above to relevant securities, or to relevant securities of a company, are to shares in or stock or marketable securities of any company (which, unless otherwise stated, need not be incorporated in the United Kingdom).

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (2) For the purposes of section 70(3) above the value of securities at the date the instrument is executed shall be taken to be the price they might reasonably be expected to fetch on a sale at that time in the open market.
- (3) Where section 70(3) above applies, section 15(2) of the Stamp Act 1891 ^{M34} (stamping of instruments after execution) shall have effect as if the instrument were specified in the first column of the table in paragraph (d) and the transferee were specified (opposite the instrument) in the second.
- (4) For the purposes of section 70(4) above “qualified dealer” and “market maker” have at any particular time the same meanings as they have at that time for the purposes of section 67(4) above.

Marginal Citations

M34 1891 c. 39.

VALID FROM 28/07/2000

[^{F21}Transfers between depositary receipt system and clearance system]

Textual Amendments

F21 S. 72A and cross-heading inserted (28.7.2000 with effect as mentioned in s. 134(5)(a) of the amending Act) by 2000 c. 17, s. 134(1)(5) (which inserting provision is repealed by 2000 c. 17, s. 156, Sch. 40 Pt. III Note 3)

[^{F22}72A Transfers between depositary receipt system and clearance system.

- (1) Where an instrument transfers relevant securities of a company incorporated in the United Kingdom between a depositary receipt system and a clearance system—
 - (a) the provisions of section 67(2) to (5) or, as the case may be, section 70(2) to (5) above shall not apply, and
 - (b) the stamp duty chargeable on the instrument is £5.
- (2) A transfer between a depositary receipt system and a clearance system means a transfer—
 - (a) from (or to) a company that at the time of the transfer falls within section 67(6) above, and
 - (b) to (or from) a company that at that time falls within section 70(6) above.
- (3) This section does not apply to a transfer from a clearance system (that is, from such a company as is mentioned in subsection (2)(b) above) if at the time of the transfer an election is in force under section 97A below in relation to the clearance services for the purposes of which the securities are held immediately before the transfer.]

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

Textual Amendments

- F22** S. 72A and cross-heading inserted (28.7.2000 with effect as mentioned in s. 134(5)(a) of the amending Act) by 2000 c. 17, s. 134(1)(5) (which inserting provision is repealed by 2000 c. 17, s. 156, Sch. 40 Pt. III Note 3)

Reconstructions and acquisitions

F23⁷³

Textual Amendments

- F23** S. 73 repealed by Finance Act 1986 (c. 41, SIF 114), s. 114, Sch. 23 Pt. IX(1) Note 1

74 Reconstructions etc: repeals.

- (1) The following provisions shall cease to have effect—
- (a) section 55 of the ^{M35}Finance Act 1927 and section 4 of the ^{M36}Finance Act (Northern Ireland) 1928 (reconstructions and amalgamations);
 - (b) paragraph 12(1) and (1A) of Schedule 18 to the ^{M37}Finance Act 1980 (demergers);
 - (c) sections 78, 79 and 80 of the Finance Act 1985 (takeovers and winding-up).
- (2) In paragraph 12(3) of Schedule 18 to the Finance Act 1980 for the words “sub-paragraph (2) above” there shall be substituted the words “this paragraph”.
- (3) This section applies to any instrument executed in pursuance of a contract made on or after the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.

Marginal Citations

- M35** 1927 c. 10.
M36 1928 c. 9 (N.I.).
M37 1980 c. 48.

75 Acquisitions: reliefs.

- (1) This section applies where a company (the acquiring company) acquires the whole or part of an undertaking of another company (the target company) in pursuance of a scheme for the reconstruction of the target company.
- (2) If the first and second conditions (as defined below) are fulfilled, stamp duty under the heading “Conveyance or Transfer on Sale” in Schedule 1 to the ^{M38}Stamp Act 1891 shall not be chargeable on an instrument executed for the purposes of or in connection with the transfer of the undertaking or part.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (3) An instrument on which stamp duty is not chargeable by virtue only of subsection (2) above shall not be taken to be duly stamped unless it is stamped with the duty to which it would be liable but for that subsection or it has, in accordance with section 12 of the Stamp Act 1891, been stamped with a particular stamp denoting that it is not chargeable with any duty.
- (4) The first condition is that the registered office of the acquiring company is in the United Kingdom and that the consideration for the acquisition—
 - (a) consists of or includes the issue of shares in the acquiring company to all the shareholders of the target company;
 - (b) includes nothing else (if anything) but the assumption or discharge by the acquiring company of liabilities of the target company.
- (5) The second condition is that—
 - (a) the acquisition is effected for bona fide commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is avoidance of liability to stamp duty, income tax, corporation tax or capital gains tax,
 - (b) after the acquisition has been made, each shareholder of each of the companies is a shareholder of the other, and
 - (c) after the acquisition has been made, the proportion of shares of one of the companies held by any shareholder is the same as the proportion of shares of the other company held by that shareholder.
- (6) This section applies to any instrument which is executed after 24th March 1986 unless it is executed in pursuance of an unconditional contract made on or before 18th March 1986.
- (7) This section shall be deemed to have come into force on 25th March 1986.

Modifications etc. (not altering text)

C1 S. 75 excluded (28.4.1997) by S.I. 1997/1156, reg. 12

Marginal Citations

M38 1891 c. 39.

76 Acquisitions: further provisions about reliefs.

- (1) This section applies where a company (the acquiring company) acquires the whole or part of an undertaking of another company (the target company).
- (2) If the condition mentioned in subsection (3) below is fulfilled, and stamp duty under the heading “Conveyance or Transfer on Sale” in Schedule 1 to the ^{M39}Stamp Act 1891 is chargeable on an instrument executed for the purposes of or in connection with—
 - (a) the transfer of the undertaking or part, or
 - (b) the assignment to the acquiring company by a creditor of the target company of any relevant debts (secured or unsecured) owed by the target company,
 the rate at which the duty is charged under that heading shall not exceed that mentioned in subsection (4) below.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (3) The condition is that the registered office of the acquiring company is in the United Kingdom and that the consideration for the acquisition—
 - (a) consists of or includes the issue of shares in the acquiring company to the target company or to all or any of its shareholders;
 - (b) includes nothing else (if anything) but cash not exceeding 10 per cent. of the nominal value of those shares, or the assumption or discharge by the acquiring company of liabilities of the target company, or both.
- (4) The rate is the rate of 50p for every £100 or part of £100 of the amount or value of the consideration for the sale to which the instrument gives effect.
- (5) An instrument on which, by virtue only of subsection (2) above, the rate at which stamp duty is charged is not to exceed that mentioned in subsection (4) above shall not be taken to be duly stamped unless it is stamped with the duty to which it would be liable but for subsection (2) above or it has, in accordance with section 12 of the Stamp Act 1891, been stamped with a particular stamp denoting that it is duly stamped.
- (6) In subsection (2)(b) above “relevant debts” means—
 - (a) any debt in the case of which the assignor is a bank or trade creditor, and
 - (b) any other debt incurred not less than two years before the date on which the instrument is executed.
- (7) This section applies to any instrument executed on or after the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.

Modifications etc. (not altering text)

C2 S. 76 excluded (28.4.1997) by S.I. 1997/1156, reg. 12

Marginal Citations

M39 1891 c. 39.

77 Acquisition of target company's share capital

- (1) Stamp duty under the heading “Conveyance or Transfer on Sale” in Schedule 1 to the Stamp Act 1891 ^{M40} shall not be chargeable on an instrument transferring shares in one company (the target company) to another company (the acquiring company) if the conditions mentioned in subsection (3) below are fulfilled.
- (2) An instrument on which stamp duty is not chargeable by virtue only of subsection (1) above shall not be taken to be duly stamped unless it is stamped with the duty to which it would be liable but for that subsection or it has, in accordance with section 12 of the Stamp Act 1891, been stamped with a particular stamp denoting that it is not chargeable with any duty.
- (3) The conditions are that —
 - (a) the registered office of the acquiring company is in the United Kingdom,
 - (b) the transfer forms part of an arrangement by which the acquiring company acquires the whole of the issued share capital of the target company,
 - (c) the acquisition is effected for bona fide commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- main purposes, is avoidance of liability to stamp duty, stamp duty reserve tax, income tax, corporation tax or capital gains tax,
- (d) the consideration for the acquisition consists only of the issue of shares in the acquiring company to the shareholders of the target company,
 - (e) after the acquisition has been made, each person who immediately before it was made was a shareholder of the target company is a shareholder of the acquiring company,
 - (f) after the acquisition has been made, the shares in the acquiring company are of the same classes as were the shares in the target company immediately before the acquisition was made,
 - (g) after the acquisition has been made, the number of shares of any particular class in the acquiring company bears to all the shares in that company the same proportion as the number of shares of that class in the target company bore to all the shares in that company immediately before the acquisition was made, and
 - (h) after the acquisition has been made, the proportion of shares of any particular class in the acquiring company held by any particular shareholder is the same as the proportion of shares of that class in the target company held by him immediately before the acquisition was made.
- (4) In this section references to shares and to share capital include references to stock.
- (5) This section applies to any instrument executed on or after 1st August 1986.

Modifications etc. (not altering text)

C3 S. 77 excluded (28.4.1997) by [S.I. 1997/1156, reg. 12](#)

Marginal Citations

M40 1891 c. 39.

Loan capital, letters of allotment etc.

78 Loan capital.

- (1) This section (which reproduces the effect of a resolution having statutory effect under section 50 of the ^{M41}Finance Act 1973 for the period beginning on 25th March 1986 and ending on 6th July 1986) shall be deemed to have had effect during, and only during, that period.
- (2) The following provisions shall not apply—
 - (a) in section 62 of the ^{M42}Finance Act 1963, subsection (2) and (6) (commonwealth stock);
 - (b) in section 11 of the ^{M43}Finance Act (Northern Ireland) 1963, subsections (2) and (5) (commonwealth stock);
 - (c) section 29 of the ^{M44}Finance Act 1967 (local authority capital);
 - (d) section 6 of the ^{M45}Finance Act (Northern Ireland) 1967 (local authority capital);
 - (e) section 126 of the ^{M46}Finance Act 1976 (loan capital).

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (3) Stamp duty under the heading “Bearer Instrument” in Schedule 1 to the Stamp Act 1891 shall not be chargeable on the issue of an instrument which relates to loan capital or on the transfer of the loan capital constituted by, or transferable by means of, such an instrument.
- (4) Stamp duty shall not be chargeable on an instrument which transfers loan capital issued or raised by—
 - (a) the financial support fund of the Organisation for Economic Co-operation and Development,
 - (b) the Inter-American Development Bank, or
 - (c) an organisation which was a designated international organisation at the time of the transfer (whether or not it was such an organisation at the time the loan capital was issued or raised).
- (5) Stamp duty shall not be chargeable on an instrument which transfers short-term loan capital.
- (6) Where stamp duty under the heading “Conveyance or Transfer on Sale” in Schedule 1 to the Stamp Act 1891 is chargeable on an instrument which transfers loan capital, the rate at which the duty is charged under that heading shall be the rate of 50p for every £100 or part of £100 of the amount or value of the consideration for the sale to which the instrument gives effect.
- (7) In this section “loan capital” means—
 - (a) any debenture stock, corporation stock or funded debt, by whatever name known, issued by a body corporate or other body of persons (which here includes a local authority and any body whether formed or established in the United Kingdom or elsewhere);
 - (b) any capital raised by such a body if the capital is borrowed or has the character of borrowed money, and whether it is in the form of stock or any other form;
 - (c) stock or marketable securities issued by the government of any country or territory outside the United Kingdom.
- (8) In this section “short-term loan capital” means loan capital the date (or latest date) for the repayment of which is not more than 5 years after the date on which it is issued or raised.
- (9) In this section “designated international organisation” means an international organisation designated for the purposes of section [F²⁴324 of the Taxes Act 1988] by an order made under subsection (1) of that section.
- (10) In construing sections 80(3) and 81(3) of the ^{M47}Finance Act 1985 (definitions by reference to section 126 of the ^{M48}Finance Act 1976) the effect of this section shall be ignored.
- (11) This section applies to any instrument which falls within section 60(1) of the ^{M49}Finance Act 1963 and is issued after 24th March 1986 and before 7th July 1986.
- (12) This section applies to any instrument which falls within section 60(2) of that Act if the loan capital constituted by or transferable by means of it is transferred after 24th March 1986 and before 7th July 1986.
- (13) This section applies, in the case of instruments not falling within section 60(1) or (2) of that Act, to any instrument which is executed after 24th March 1986 and before

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

7th July 1986, unless it is executed in pursuance of a contract made on or before 18th March 1986.

- (14) In this section references to section 60(1) of the ^{M50}Finance Act 1963 include references to section 9(1)(a) of the ^{M51}Finance Act (Northern Ireland) 1963 and references to section 60(2) of the former Act include references to section 9(1)(b) of the latter.

Textual Amendments

- F24** Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 844, **Sch. 29 para. 32**

Marginal Citations

- M41** 1973 c. 51.
M42 1963 c. 25.
M43 1963 c. 22 (N.I.).
M44 1967 c. 54.
M45 1967 c. 20 (N.I.).
M46 1976 c. 40.
M47 1985 c. 54.
M48 1976 c. 40.
M49 1963 c. 25.
M50 1963 c. 25.
M51 1963 c. 22. (N.I.).

79 Loan capital: new provisions.

- (1) The following provisions shall cease to have effect—
- (a) in section 62 of the Finance Act 1963 ^{M52}, subsections (2) and (6) (commonwealth stock);
 - (b) in section 11 of the Finance Act (Northern Ireland) 1963 ^{M53}, subsections (2) and (5) (commonwealth stock);
 - (c) section 29 of the Finance Act 1967 ^{M54} (local authority capital);
 - (d) section 6 of the Finance Act (Northern Ireland) 1967 ^{M55} (local authority capital);
 - (e) section 126 of the Finance Act 1976 ^{M56} (loan capital).
- (2) Stamp duty under the heading “Bearer Instrument” in Schedule 1 to the Stamp Act 1891 ^{M57} shall not be chargeable on the issue of an instrument which relates to loan capital or on the transfer of the loan capital constituted by, or transferable by means of, such an instrument.
- (3) Stamp duty shall not be chargeable on an instrument which transfers loan capital issued or raised by —
- (a) the financial support fund of the Organisation for Economic Co-operation and Development,
 - (b) the Inter-American Development Bank, or
 - (c) an organisation which was a designated international organisation at the time of the transfer (whether or not it was such an organisation at the time the loan capital was issued or raised).

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (4) Subject to subsections (5) and (6) below, stamp duty shall not be chargeable on an instrument which transfers any other loan capital.
- (5) Subsection (4) above does not apply to an instrument transferring loan capital which, at the time the instrument is executed, carries a right (exercisable then or later) of conversion into shares or other securities, or to the acquisition of shares or other securities, including loan capital of the same description.
- (6) Subject to subsection (7) below, subsection (4) above does not apply to an instrument transferring loan capital which, at the time the instrument is executed or any earlier time, carries or has carried —
 - (a) a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the capital,
 - (b) a right to interest the amount of which falls or has fallen to be determined to any extent by reference to the results of, or of any part of, a business or to the value of any property, or
 - (c) a right on repayment to an amount which exceeds the nominal amount of the capital and is not reasonably comparable with what is generally repayable (in respect of a similar nominal amount of capital) under the terms of issue of loan capital listed in the Official List of The Stock Exchange.
- (7) Subsection (4) above shall not be prevented from applying to an instrument by virtue of subsection (6)(a) or (c) above by reason only that the loan capital concerned carries a right to interest, or (as the case may be) to an amount payable on repayment, determined to any extent by reference to an index showing changes in the general level of prices payable in the United Kingdom over a period substantially corresponding to the period between the issue or raising of the loan capital and its repayment.
- (8) Where stamp duty under the heading “Conveyance or Transfer on Sale” in Schedule 1 to the Stamp Act 1891 ^{M58} is chargeable on an instrument which transfers loan capital, the rate at which the duty is charged under that heading shall be the rate of 50p for every £100 or part of £100 of the amount or value of the consideration for the sale to which the instrument gives effect.
- (9) This section applies to any instrument which falls within section 60(1) of the Finance Act 1963 ^{M59} and is issued after 31st July 1986.
- (10) This section applies to any instrument which falls within section 60(2) of that Act if the loan capital constituted by or transferable by means of it is transferred after 31st July 1986.
- (11) This section applies, in the case of instruments not falling within section 60(1) or (2) of that Act, to any instrument which is executed after 31st July 1986.
- (12) Subsections (7), (9), (10) and (14) of section 78 above shall apply as if references to that section included references to this.

Marginal Citations

- M52** 1963 c. 25.
M53 1963 c. 22 (N.I.).
M54 1967 c. 54.
M55 1967 c. 20 (N.I.).
M56 1976 c. 40.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

M57 1891 c. 39.

M58 1891 c. 39.

M59 1963 c. 25.

F25 **80**

Textual Amendments

F25 Ss. 80-84 repealed by Finance Act 1990 (c. 29, SIF 114), s. 132, **Sch. 19 Pt. VI**; and the repealed ss. 80-83 are subject to further amendments by: S.I. 1992/3286, **reg. 2**; 1997 c. 16, ss. 97, 98, 113, **Sch. 18 Pt. VIII**, Notes 1, 3, 4; S.I. 1998/3177, **regs. 25, 27, 29**; 1999 c. 16, ss. 112(4)(6), 122, 139, **Sch. 14 paras. 18, 19, Sch. 20 Pt. V(2)**, Notes 1, 2 (which amending Sch. 14 paras. 18, 19 are repealed by 1999 c. 16, ss. 123(3)(4), 139, **Sch. 20 Pt. V(6)** Note); and S.I. 2001/3629, arts. 7, 109, **Sch.**

VALID FROM 20/10/1997

[F26 **80A Sales to intermediaries.**

- (1) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or his nominee if—
 - (a) the person is a member of an EEA exchange, or a recognised foreign exchange, on which stock of that kind is regularly traded;
 - (b) the person is an intermediary and is recognised as an intermediary by the exchange in accordance with arrangements approved by the Commissioners; and
 - (c) the sale is effected on the exchange.
- (2) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or his nominee if—
 - (a) the person is a member of an EEA exchange or a recognised foreign options exchange;
 - (b) options to buy or sell stock of that kind are regularly traded on that exchange and are listed by or quoted on that exchange;
 - (c) the person is an options intermediary and is recognised as an options intermediary by that exchange in accordance with arrangements approved by the Commissioners; and
 - (d) the sale is effected on an EEA exchange, or a recognised foreign exchange, on which stock of that kind is regularly traded or subsection (3) below applies.
- (3) This subsection applies if—
 - (a) the sale is effected on an EEA exchange, or a recognised foreign options exchange, pursuant to the exercise of a relevant option; and
 - (b) options to buy or sell stock of the kind concerned are regularly traded on that exchange and are listed by or quoted on that exchange.
- (4) For the purposes of this section—

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (a) an intermediary is a person who carries on a bona fide business of dealing in stock and does not carry on an excluded business; and
 - (b) an options intermediary is a person who carries on a bona fide business of dealing in quoted or listed options to buy or sell stock and does not carry on an excluded business.
- (5) The excluded businesses are the following—
- (a) any business which consists wholly or mainly in the making or managing of investments;
 - (b) any business which consists wholly or mainly in, or is carried on wholly or mainly for the purpose of, providing services to persons who are connected with the person carrying on the business;
 - (c) any business which consists in insurance business;
 - (d) any business which consists in managing or acting as trustee in relation to a pension scheme or which is carried on by the manager or trustee of such a scheme in connection with or for the purposes of the scheme;
 - (e) any business which consists in operating or acting as trustee in relation to a collective investment scheme or is carried on by the operator or trustee of such a scheme in connection with or for the purposes of the scheme.
- (6) A sale is effected on an exchange for the purposes of subsection (1) or (2) above if (and only if)—
- (a) it is subject to the rules of the exchange; and
 - (b) it is reported to the exchange in accordance with the rules of the exchange.
- (7) An instrument on which stamp duty is not chargeable by virtue only of this section shall not be deemed to be duly stamped unless it has been stamped with a stamp denoting that it is not chargeable with any duty; and notwithstanding anything in section 122(1) of the ^{M60}Stamp Act 1891, the stamp may be a stamp of such kind as the Commissioners may prescribe.]

Textual Amendments

F26 S. 80A inserted (20.10.1997) by 1997 c. 16, s. 97(1)(4); S.I. 1997/2428, art. 2

Modifications etc. (not altering text)

C4 S. 80A: power to extend conferred (24.7.2002) by 2002 c. 23, s. 117(2)

C5 S. 80A extended (26.7.2002) by S.I. 2002/1975, reg. 2

Marginal Citations

M60 1891 c. 39.

VALID FROM 20/10/1997

[^{F27}80B Intermediaries: supplementary.

- (1) For the purposes of section 80A above the question whether a person is connected with another shall be determined in accordance with the provisions of section 839 of the ^{M61}Income and Corporation Taxes Act 1988.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (2) In section 80A above and this section—
- “collective investment scheme” has the meaning given in section 75 of the ^{M62}Financial Services Act 1986;
- “EEA exchange” means a market which appears on the list drawn up by an EEA State pursuant to Article 16 of European Communities Council Directive No. [93/22/EEC](#) on investment services in the securities field;
- “EEA State” means a State which is a contracting party to the agreement on the European Economic Area signed at Oporto on the 2nd May 1992 as adjusted by the Protocol signed at Brussels on the 17th March 1993;
- “insurance business” means long term business or general business as defined in section 1 of the ^{M63}Insurance Companies Act 1982;
- “quoted or listed options” means options which are quoted on or listed by an EEA exchange or a recognised foreign options exchange;
- “stock” includes any marketable security;
- “trustee” and “the operator” shall, in relation to a collective investment scheme, be construed in accordance with section 75(8) of the Financial Services Act 1986.
- (3) In section 80A above “recognised foreign exchange” means a market which—
- is not in an EEA State; and
 - is specified in regulations made by the Treasury under this subsection.
- (4) In section 80A above and this section “recognised foreign options exchange” means a market which—
- is not in an EEA State; and
 - is specified in regulations made by the Treasury under this subsection.
- (5) In section 80A above “the exercise of a relevant option” means—
- the exercise by the options intermediary concerned of an option to buy stock; or
 - the exercise of an option binding the options intermediary concerned to buy stock.
- (6) The Treasury may by regulations provide that section 80A above shall not have effect in relation to instruments executed in pursuance of kinds of agreement specified in the regulations.
- (7) The Treasury may by regulations provide that if—
- an instrument falls within subsection (1) or (2) of section 80A above, and
 - stamp duty would be chargeable on the instrument apart from that section,
- stamp duty shall be chargeable on the instrument at a rate, specified in the regulations, which shall not exceed 10p for every £100 or part of £100 of the consideration for the sale.
- (8) The Treasury may by regulations change the meaning of “intermediary” or “options intermediary” for the purposes of section 80A above by amending subsection (4) or (5) of that section (as it has effect for the time being).
- (9) The power to make regulations under subsections (3) to (8) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.]

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

Textual Amendments

F27 S. 80B inserted (20.10.1997) by 1997 c. 16, s. 97(1)(4); S.I. 1997/2428, art. 2

Marginal Citations

M61 1988 c. 1.

M62 1986 c. 60.

M63 1982 c. 50.

VALID FROM 20/10/1997

[^{F28}80C Repurchases and stock lending.

- (1) This section applies where a person (A) has entered into an arrangement with another person (B) under which—
 - (a) B is to transfer stock of a particular kind to A or his nominee, and
 - (b) stock of the same kind and amount is to be transferred by A or his nominee to B or his nominee,
 and the conditions set out in subsection (3) below are fulfilled.
- (2) Stamp duty shall not be chargeable on an instrument transferring stock to B or his nominee or A or his nominee in accordance with the arrangement.
- (3) The conditions are—
 - (a) that the arrangement is effected on an EEA exchange or a recognised foreign exchange; and
 - (b) that stock of the kind concerned is regularly traded on that exchange.
- (4) An arrangement does not fall within subsection (1) above if—
 - (a) the arrangement is not such as would be entered into by persons dealing with each other at arm's length; or
 - (b) under the arrangement any of the benefits or risks arising from fluctuations, before the transfer to B or his nominee takes place, in the market value of the stock accrues to, or falls on, A.
- (5) An instrument on which stamp duty is not chargeable by virtue only of subsection (2) above shall not be deemed to be duly stamped unless it has been stamped with a stamp denoting that it is not chargeable with any duty; and notwithstanding anything in section 122(1) of the ^{M64}Stamp Act 1891, the stamp may be a stamp of such kind as the Commissioners may prescribe.
- (6) An arrangement is effected on an exchange for the purposes of subsection (3) above if (and only if)—
 - (a) it is subject to the rules of the exchange; and
 - (b) it is reported to the exchange in accordance with the rules of the exchange.
- (7) In this section—

“EEA exchange” has the meaning given in section 80B(2) above; and

“recognised foreign exchange” has the meaning given in section 80B(3) above.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (8) The Treasury may by regulations provide that if stamp duty would be chargeable on an instrument but for subsection (2) above, stamp duty shall be chargeable on the instrument at a rate, specified in the regulations, which shall not exceed 10p for every £100 or part of £100 of the consideration for the transfer.
- (9) The Treasury may by regulations amend this section (as it has effect for the time being) in order—
 - (a) to change the conditions for exemption from duty under this section; or
 - (b) to provide that this section does not apply in relation to kinds of arrangement specified in the regulations.
- (10) The power to make regulations under subsection (8) or (9) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.]

Textual Amendments

F28 S. 80C inserted (20.10.1997) by 1997 c. 16, s. 98(1)(3); S.I. 1997/2428, art. 2

Modifications etc. (not altering text)

C6 S. 80C: power to extend conferred (24.7.2002) by 2002 c. 23, s. 117(2)

C7 S. 80C extended (26.7.2002) by S.I. 2002/1975, art. 2

Marginal Citations

M64 1891 c. 39.

F29 **81**

Textual Amendments

F29 Ss. 80-84 repealed by Finance Act 1990 (c. 29, SIF 114), s. 132, **Sch. 19 Pt. VI**; and the repealed ss. 80-83 are subject to further amendments by: S.I. 1992/3286, **reg. 2**; 1997 c. 16, ss. 97, 98, 113, **Sch. 18 Pt. VIII**, Notes 1, 3, 4; S.I. 1998/3177, **regs. 25, 27, 29**; 1999 c. 16, ss. 112(4)(6), 122, 139, Sch. 14 paras. 18, 19, **Sch. 20 Pt. V(2)**, Notes 1, 2 (which amending Sch. 14 paras. 18, 19 are repealed by 1999 c. 16, ss. 123(3)(4), 139, **Sch. 20 Pt. V(6)** Note); and S.I. 2001/3629, arts. 7, 109, **Sch.**

F30 **82**

Textual Amendments

F30 Ss. 80-84 repealed by Finance Act 1990 (c. 29, SIF 114), s. 132, **Sch. 19 Pt. VI**; and the repealed ss. 80-83 are subject to further amendments by: S.I. 1992/3286, **reg. 2**; 1997 c. 16, ss. 97, 98, 113, **Sch. 18 Pt. VIII**, Notes 1, 3, 4; S.I. 1998/3177, **regs. 25, 27, 29**; 1999 c. 16, ss. 112(4)(6), 122, 139, Sch. 14 paras. 18, 19, **Sch. 20 Pt. V(2)**, Notes 1, 2 (which amending Sch. 14 paras. 18, 19 are repealed by 1999 c. 16, ss. 123(3)(4), 139, **Sch. 20 Pt. V(6)** Note); and S.I. 2001/3629, arts. 7, 109, **Sch.**

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

F31 83

Textual Amendments

F31 Ss. 80-84 repealed by Finance Act 1990 (c. 29, SIF 114), s. 132, **Sch. 19 Pt. VI**; and the repealed ss. 80-83 are subject to further amendments by: S.I. 1992/3286, **reg. 2**; 1997 c. 16, ss. 97, 98, 113, **Sch. 18 Pt. VIII**, Notes 1, 3, 4; S.I. 1998/3177, **regs. 25, 27, 29**; 1999 c. 16, ss. 112(4)(6), 122, 139, **Sch. 14 paras. 18, 19, Sch. 20 Pt. V(2)**, Notes 1, 2 (which amending Sch. 14 paras. 18, 19 are repealed by 1999 c. 16, ss. 123(3)(4), 139, **Sch. 20 Pt. V(6)** Note); and S.I. 2001/3629, arts. 7, 109, **Sch.**

F32 84 Miscellaneous exemptions

- (1) In section 127(1) of the Finance Act 1976 ^{M65}(no stamp duty on transfer to stock exchange nominee executed for purposes of a stock exchange transaction) the words “ which is executed for the purposes of a stock exchange transaction ” shall be omitted.
- (2) Stamp duty shall not be chargeable on an instrument effecting a transfer of stock if—
 - (a) the transferee is a recognised investment exchange or a nominee of a recognised investment exchange, and
 - (b) an agreement which relates to the stamp duty which would (apart from this subsection) be chargeable on the instrument, and was made between the Commissioners and the investment exchange under section 33 of the Finance Act 1970, is in force at the time of the transfer.
- (3) Stamp duty shall not be chargeable on an instrument effecting a transfer of stock if—
 - (a) the transferee is a recognised clearing house or a nominee of a recognised clearing house, and
 - (b) an agreement which relates to the stamp duty which would (apart from this subsection) be chargeable on the instrument, and was made between the Commissioners and the clearing house under section 33 of the Finance Act 1970 ^{M66}, is in force at the time of the transfer.
- (4) Subsection (1) above applies to any transfer giving effect to a transaction carried out on or after the day of The Stock Exchange reforms.
- (5) Subsection (2) above applies to any instrument giving effect to a transaction carried out on or after such day as the Commissioners may appoint by order made by statutory instrument.
- (6) Subsection (3) above applies to any instrument giving effect to a transaction carried out on or after such day as the Commissioners may appoint by order made by statutory instrument.

Textual Amendments

F32 Ss. 80-84 repealed by Finance Act 1990 (c. 29, SIF 114), s. 132, **Sch. 19 Pt. VI**; and the repealed ss. 80-83 are subject to further amendments by: S.I. 1992/3286, **reg. 2**; 1997 c. 16, ss. 97, 98, 113, **Sch. 18 Pt. VIII**, Notes 1, 3, 4; S.I. 1998/3177, **regs. 25, 27, 29**; 1999 c. 16, ss. 112(4)(6), 122, 139, **Sch. 14 paras. 18, 19, Sch. 20 Pt. V(2)**, Notes 1, 2 (which amending Sch. 14 paras. 18, 19 are repealed by 1999 c. 16, ss. 123(3)(4), 139, **Sch. 20 Pt. V(6)** Note); and S.I. 2001/3629, arts. 7, 109, **Sch.**

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

Marginal Citations

M65 1976 c. 40.

M66 1970 c. 24.

85 Supplementary

- (1) Section 42(1) of the Finance Act 1920^{M67} (reduction of duty in case of certain transfers to jobbers or nominees or qualified dealers) shall have effect, in the case of any transfer giving effect to a transaction carried out on or after the day of The Stock Exchange reforms as if the following were omitted —
 - (a) in that subsection, the words “a jobber or his nominee or to” and in the proviso to it the words “jobber or” (in each place);
 - (b) in subsection (3) of that section, paragraph (d) of the definition of “qualified dealer” (Stock Exchange brokers).
- (2) Section 34 of the Finance Act 1961^{M68} and section 4 of the Finance Act (Northern Ireland) 1961^{M69} (borrowing of stock by jobbers) shall not apply where stock is transferred in discharge of an undertaking given on or after the day of The Stock Exchange reforms.
- (3) Section 42(1) of the Finance Act 1920 shall not apply to any transfer giving effect to a transaction carried out on or after such day as is specified for this purpose in regulations made under section 81(5) above; and different days may be so specified for different purposes.
- (4) Section 127(2) of the Finance Act 1976^{M70} (transfer otherwise than on sale from stock exchange nominee to jobber) shall not apply to any transfer giving effect to a transaction carried out on or after the day of The Stock Exchange reforms.
- (5) In sections 81, 82 and 84 above and this section—
 - (a) “the day of The Stock Exchange reforms” means the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished,
 - (b) references to a recognised investment exchange are to a recognised investment exchange within the meaning of the Financial Services Act 1986,
 - (c) references to a recognised clearing house are to a recognised clearing house within the meaning of the Financial Services Act 1986, and
 - (d) “stock” includes marketable security.

Marginal Citations

M67 1920 c. 18.

M68 1961 c. 36.

M69 1961 c. 10 (N. I.).

M70 1976 c. 40.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

PART IV

STAMP DUTY RESERVE TAX

Modifications etc. (not altering text)

- C8** Pt. 4: construed as one with 1999 c. 16, Pt. VI (27.7.1999) by Finance Act 1999 (c. 16), s. 123(1)
C9 Pt. 4: power to restrict conferred (27.7.1999) by Finance Act 1999 (c. 16), s. 119 (with s. 123(4))
C10 Pt. 4: power to extend conferred (1.5.1995) by Finance Act 1995 (c. 4), s. 152(2)(b)(6)

Introduction

86 The tax: introduction

- (1) A tax, to be known as stamp duty reserve tax, shall be charged in accordance with this Part of this Act.
- (2) The tax shall be under the care and management of the Board.
- (3) Section 1 of the Provisional Collection of Taxes Act 1968^{M71} shall apply to the tax; and accordingly in subsection (1) of that section after the words “petroleum revenue tax” there shall be inserted the words “stamp duty reserve tax”.

Marginal Citations

M71 1968 c. 2.

The principal charge

87 The principal charge

- (1) This section applies where a person (A) agrees with another person (B) to transfer chargeable securities (whether or not to B) for consideration in money or money's worth.
- (2) There shall be a charge to stamp duty reserve tax under this section on the expiry of the period of two months beginning with the relevant day, unless the agreement is to transfer the securities to B or his nominee and the first and second conditions mentioned below have been fulfilled by the time that period expires.
- (3) In subsection (2) above “the relevant day” means —
 - (a) in a case where the agreement is conditional, the day on which the condition is satisfied, and
 - (b) in any other case, the day on which the agreement is made.
- (4) The first condition is that an instrument is (or instruments are) executed in pursuance of the agreement and the instrument transfers (or the instruments between them transfer) to B or, as the case may be, to his nominee all the chargeable securities to which the agreement relates.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (5) The second condition is that the instrument (or each instrument) transferring the chargeable securities to which the agreement relates is duly stamped in accordance with the enactments relating to stamp duty if it is an instrument which, under those enactments, is chargeable with stamp duty or otherwise required to be stamped.
- (6) Tax under this section shall be charged at the rate of 50p for every £100 or part of £100 of the amount or value of the consideration mentioned in subsection (1) above.
- (7) For the purposes of subsection (6) above the value of any consideration not consisting of money shall be taken to be the price it might reasonably be expected to fetch on a sale in the open market at the time the agreement mentioned in subsection (1) above is made.
- [^{F33}(7A) Where there would be no charge to tax under this section in relation to some of the chargeable securities to which the agreement between A and B relates if separate agreements had been made between them for the transfer of those securities and for the transfer of the remainder, this section shall have effect as if such separate agreements had been made.
- (7B) This section shall have effect in relation to a person to whom the chargeable securities are transferred by way of security for a loan to B as it has effect in relation to a nominee of B.]
- (8) In this section “the enactments relating to stamp duty” means the Stamp Act 1891 ^{M72} and any enactment which amends or is required to be construed together with that Act.
- (9) This section applies where the agreement to transfer is made on or after the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.
- (10) This section has effect subject to sections 88 to 90 below.

Textual Amendments

F33 S. 87(7A)(7B) inserted by Finance Act 1987 (c. 16) ss. 110, 132, {Sch. 19 Pt. VII}

Marginal Citations

M72 1891 c. 39.

88 Section 87: special cases

- (1) An instrument on which stamp duty is not chargeable by virtue of —
- section 127(1) of the Finance Act 1976 ^{M73} (transfer to stock exchange nominee), or
 - section 84(2) or (3) above,
- shall be disregarded in construing section 87(4) and (5) above.
- (2) Subsection (3) below applies where the chargeable securities mentioned in section 87(1) above are constituted by or transferable by means of an inland bearer instrument, within the meaning of the heading “Bearer Instrument” in Schedule 1 to the Stamp Act 1891, which —
- is exempt from stamp duty under that heading by virtue of exemption 3 in that heading, or

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (b) would be so exempt if it were otherwise chargeable under that heading.
- (3) In such a case section 87 above shall have effect as if the following were omitted —
 - (a) in subsection (2) [^{F34} the words 'the expiry of the period of two months beginning with' and] the words from “unless” to the end;
 - (b) subsections (4), (5) and (8).

Textual Amendments

F34 Words in s. 88(3)(a) inserted (with effect in accordance with Sch. 7 para. 3(2) of the amending Act) by Finance Act 1987 (c. 16) s. 56, {Sch. 7 para. 3(1)}

Marginal Citations

M73 1976 c. 40.

VALID FROM 20/10/1997

[^{F35}88A Section 87: exceptions for intermediaries.

- (1) Section 87 above shall not apply as regards an agreement to transfer securities of a particular kind to B or his nominee if—
 - (a) B is a member of an EEA exchange, or a recognised foreign exchange, on which securities of that kind are regularly traded;
 - (b) B is an intermediary and is recognised as an intermediary by the exchange in accordance with arrangements approved by the Board; and
 - (c) the agreement is effected on the exchange.
- (2) Section 87 above shall not apply as regards an agreement to transfer securities of a particular kind to B or his nominee if—
 - (a) B is a member of an EEA exchange or a recognised foreign options exchange;
 - (b) options to buy or sell securities of that kind are regularly traded on that exchange and are listed by or quoted on that exchange;
 - (c) B is an options intermediary and is recognised as an options intermediary by that exchange in accordance with arrangements approved by the Board; and
 - (d) the agreement is effected on an EEA exchange, or a recognised foreign exchange, on which securities of that kind are regularly traded or subsection (3) below applies.
- (3) This subsection applies if—
 - (a) the agreement is effected on an EEA exchange, or a recognised foreign options exchange, pursuant to the exercise of a relevant option; and
 - (b) options to buy or sell securities of the kind concerned are regularly traded on that exchange and are listed by or quoted on that exchange.
- (4) For the purposes of this section—
 - (a) an intermediary is a person who carries on a bona fide business of dealing in chargeable securities and does not carry on an excluded business; and

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (b) an options intermediary is a person who carries on a bona fide business of dealing in quoted or listed options to buy or sell chargeable securities and does not carry on an excluded business.
- (5) The excluded businesses are the following—
- (a) any business which consists wholly or mainly in the making or managing of investments;
 - (b) any business which consists wholly or mainly in, or is carried on wholly or mainly for the purpose of, providing services to persons who are connected with the person carrying on the business;
 - (c) any business which consists in insurance business;
 - (d) any business which consists in managing or acting as trustee in relation to a pension scheme or which is carried on by the manager or trustee of such a scheme in connection with or for the purposes of the scheme;
 - (e) any business which consists in operating or acting as trustee in relation to a collective investment scheme or is carried on by the operator or trustee of such a scheme in connection with or for the purposes of the scheme.
- (6) An agreement is effected on an exchange for the purposes of subsection (1) or (2) above if (and only if)—
- (a) it is subject to the rules of the exchange; and
 - (b) it is reported to the exchange in accordance with the rules of the exchange.]

Textual Amendments

F35 S. 88A inserted (20.10.1997 with application as mentioned in s. 102(4) of the amending Act) by [Finance Act 1997 \(c. 16\)](#), [s. 102\(1\)\(6\)](#); [S.I. 1997/2428](#), [art. 2](#)

Modifications etc. (not altering text)

C11 S. 88A: power to extend (with modifications) conferred (24.7.2002) by [Finance Act 2002 \(c. 23\)](#), [s. 117](#)

C12 S. 88A extended (26.7.2002) by [S.I. 2002/1975](#), [art. 2](#)

VALID FROM 20/10/1997

^{F36}**88B Intermediaries: supplementary.**

- (1) For the purposes of section 88A above the question whether a person is connected with another shall be determined in accordance with the provisions of section 839 of the ^{M74}Income and Corporation Taxes Act 1988.
- (2) In section 88A above and this section—
- “collective investment scheme” has the meaning given in section 75 of the ^{M75}Financial Services Act 1986;
 - “EEA exchange” means a market which appears on the list drawn up by an EEA State pursuant to Article 16 of European Communities Council Directive No. [93/22/EEC](#) on investment services in the securities field;

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

“EEA State” means a State which is a contracting party to the agreement on the European Economic Area signed at Oporto on the 2nd May 1992 as adjusted by the Protocol signed at Brussels on the 17th March 1993;

“insurance business” means long term business or general business as defined in section 1 of the ^{M76}Insurance Companies Act 1982;

“quoted or listed options” means options which are quoted on or listed by an EEA exchange or a recognised foreign options exchange;

“recognised foreign exchange” and “recognised foreign options exchange” have the meanings given, respectively, by subsections (3) and (4) of section 80B above;

“trustee” and “the operator” shall, in relation to a collective investment scheme, be construed in accordance with section 75(8) of the ^{M77}Financial Services Act 1986.

- (3) In section 88A above “the exercise of a relevant option” means—
- (a) the exercise by B of an option to buy securities; or
 - (b) the exercise of an option binding B to buy securities.
- (4) The Treasury may by regulations provide that section 88A above shall not have effect in relation to kinds of agreement specified in the regulations.
- (5) The Treasury may by regulations provide that if—
- (a) an agreement falls within subsection (1) or (2) of section 88A above, and
 - (b) section 87 above would, apart from section 88A, apply to the agreement,
- section 87 shall apply to the agreement but with the substitution of a rate of tax not exceeding 0.1 per cent. for the rate specified in subsection (6) of that section.
- (6) The Treasury may by regulations change the meaning of “intermediary” or “options intermediary” for the purposes of section 88A above by amending subsection (4) or (5) of that section (as it has effect for the time being).
- (7) The power to make regulations under subsections (4) to (6) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

Textual Amendments

F36 Ss. 88A, 88B inserted (20.10.1997 with application as mentioned in s. 102(4) of the amending Act) by Finance Act 1997 (c. 16), s. 102(1)(6); S.I. 1997/2428, art. 2

Marginal Citations

M74 1988 c. 1.

M75 1986 c. 60.

M76 1982 c. 50.

M77 1986 c. 60.

89 Section 87: exceptions for market makers etc.

- (1) Section 87 above shall not apply as regards an agreement to transfer securities if the agreement is made by B in the ordinary course of his business as a market maker in securities of the kind concerned.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- [^{F37}(1A) Section 87 above shall not apply as regards an agreement to transfer securities to B or his nominee if the agreement is made by B in the ordinary course of his business as a market maker in securities consisting of related quoted options; and in this subsection —
- (a) “quoted options” means options quoted on The Stock Exchange, and
 - (b) “related quoted options” means quoted options to buy or sell securities of the kind transferred.]
- (2) Section 87 above shall not apply as regards an agreement to transfer securities to B or his nominee if —
- (a) the agreement is made by B as principal in the ordinary course of his business as a broker and dealer in relation to securities of the kind concerned, and
 - (b) before the end of the period of 7 days beginning with the day on which the agreement is made or (in a case where the agreement is conditional) the day on which the condition is satisfied, B enters into an unconditional agreement to sell the securities to another person.
- [^{F38}(3) For the purposes of this section a person is a market maker in securities of a particular kind—
- (a) if he—
 - (i) holds himself out at all normal times in compliance with the rules of The Stock Exchange as willing to buy and sell securities of that kind at a price specified by him, and
 - (ii) is recognised as doing so by the Council of The Stock Exchange; or
 - (b) if—
 - (i) he is an authorised person under Chapter III of Part I of the Financial Services Act 1986,
 - (ii) he makes the agreement in the course of his business as a dealer in investments, within the meaning of paragraph 12 of Schedule 1 to the Financial Services Act 1986, as a principal and in circumstances where that paragraph is applicable for the purposes of that Act,
 - (iii) he does not make the agreement in the course of any activities which fall within paragraph 14 or 16 of Schedule 1 to the Financial Services Act 1986, and
 - (iv) the securities are not at the time the agreement is made dealt in on a recognised investment exchange within the meaning of the Financial Services Act 1986; or
 - (c) if—
 - (i) that person is a European institution, within the meaning of regulation 3 of the Banking Coordination (Second Council Directive) Regulations 1992, which carries on investment business, within the meaning of section 1(2) of the Financial Services Act 1986, in the United Kingdom,
 - (ii) the agreement is made by the institution as a principal in the course of its investment business,
 - (iii) the agreement is not made in the course of any activities which fall within paragraph 14 or 16 of Schedule 1 to the Financial Services Act 1986, and

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (iv) the securities are not at the time the agreement is made dealt in on a recognised investment exchange within the meaning of the Financial Services Act 1986.]
- (4) For the purposes of this section, a person is a broker and dealer in relation to securities of a particular kind if he is a member of The Stock Exchange who carries on his business in the United Kingdom and is not a market maker in securities of that kind.
- (5) The Treasury may by regulations provide that for subsection (3) above (as it has effect for the time being) there shall be substituted a subsection containing a different definition of a market maker for the purposes of this section.
- (6) The Treasury may by regulations provide that for subsection (4) above (as it has effect for the time being) there shall be substituted a subsection containing a different definition of a broker and dealer for the purposes of this section.
- (7) For the purposes of subsection (2) above, if the securities which B sells cannot be identified (apart from this subsection) securities shall be taken as follows —
- (a) securities of the same kind acquired in the period of 7 days ending with the day of the sale (and not taken for the purposes of a previous sale by B) shall be taken before securities of that kind acquired outside that period;
 - (b) securities of that kind acquired earlier in that period (and not taken for the purposes of a previous sale by B) shall be taken before securities of that kind acquired later in that period.
- (8) For the purposes of subsection (7) above —
- (a) securities are acquired when B enters into an agreement for them to be transferred to B or his nominee or (in a case where the agreement is conditional) when the condition is satisfied;
 - (b) B sells securities when he enters into an unconditional agreement to sell them to another person.
- (9) The power to make regulations under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

Textual Amendments

- F37** S. 89(1A) inserted (with effect as mentioned in Sch. 7 para. 4(2) of the amending Act) by Finance Act 1987 (c. 16), s. 56, Sch. 7 para. 4(1)
- F38** S. 89(3) substituted (1.1.1993) by S. I. 1992/3286, reg. 3

[^{F39}89A Section 87: exceptions for public issues.

- (1) Section 87 above shall not apply as regards an agreement to transfer securities other than units under a unit trust scheme to B or B's nominee if —
- (a) the agreement is part of an arrangement, entered into by B in the ordinary course of B's business as an issuing house, under which B (as principal) is to offer the securities for sale to the public,
 - (b) the agreement is conditional upon the admission of the securities to the Official List of The Stock Exchange,

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (c) the consideration under the agreement for each security is the same as the price at which B is to offer the security for sale, and
 - (d) B sells the securities in accordance with the arrangement referred to in paragraph (a) above.
- (2) Section 87 above shall not apply as regards an agreement if the securities to which the agreement relates are newly subscribed securities other than units under a unit trust scheme and —
- (a) the agreement is made in pursuance of an offer to the public made by A (as principal) under an arrangement entered into in the ordinary course of A's business as an issuing house,
 - (b) a right of allotment in respect of, or to subscribe for, the securities has been acquired by A under an agreement which is part of the arrangement,
 - (c) both those agreements are conditional upon the admission of the securities to the Official List of The Stock Exchange, and
 - (d) the consideration for each security is the same under both agreements;
- and for the purposes of this subsection, “newly subscribed securities” are securities which, in pursuance of the arrangement referred to in paragraph (a) above, are issued wholly for new consideration.
- (3) Section 87 above shall not apply as regards an agreement if the securities to which the agreement relates are registered securities other than units under a unit trusty scheme and —
- (a) the agreement is made in pursuance of an offer to the public made by A,
 - (b) the agreement is conditional upon the admission of the securities to the Official List of The Stock Exchange, and
 - (c) under the agreement A issues to B or his nominee a renounceable letter of acceptance, or similar instrument, in respect of the securities.
- (4) The Treasury may by regulations amend paragraph (b) of subsection (1) above, paragraph (c) of subsection (2) above, and paragraph (b) of subsection (3) above (as they have effect for the time being); and the power to make regulations under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.]

Textual Amendments

F39 S. 89A inserted by [Finance \(No. 2\) Act 1987 \(c. 51\), s. 100\(1\)](#)

VALID FROM 20/10/1997

[^{F40}89A] Section 87: exception for repurchases and stock lending.

- (1) This section applies where a person (P) has entered into an arrangement with another person (Q) under which—
- (a) Q is to transfer chargeable securities of a particular kind to P or his nominee, and
 - (b) chargeable securities of the same kind and amount are to be transferred by P or his nominee to Q or his nominee,

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

and the conditions set out in subsection (3) below are fulfilled.

- (2) Section 87 above shall not apply as regards an agreement to transfer chargeable securities to P or his nominee or Q or his nominee in accordance with the arrangement.
- (3) The conditions are—
 - (a) that the agreement is effected on an EEA exchange or a recognised foreign exchange;
 - (b) that securities of the kind concerned are regularly traded on that exchange; and
 - (c) that chargeable securities are transferred to P or his nominee and Q or his nominee in pursuance of the arrangement.
- (4) An arrangement does not fall within subsection (1) above if—
 - (a) the arrangement is not such as would be entered into by persons dealing with each other at arm's length; or
 - (b) under the arrangement any of the benefits or risks arising from fluctuations, before the transfer to Q or his nominee takes place, in the market value of the chargeable securities accrues to, or falls on, P.
- (5) An agreement is effected on an exchange for the purposes of subsection (3) above if (and only if)—
 - (a) it is subject to the rules of the exchange; and
 - (b) it is reported to the exchange in accordance with the rules of the exchange.
- (6) In this section—

“EEA exchange” has the meaning given in section 88B(2) above;

“recognised foreign exchange” has the meaning given in section 80B(3) above.
- (7) The Treasury may by regulations provide that if section 87 would apply as regards an agreement but for subsection (2) above, section 87 shall apply as regards the agreement but with the substitution of a rate of tax not exceeding 0.1 per cent. for the rate specified in subsection (6) of that section.
- (8) The Treasury may by regulations amend this section (as it has effect for the time being) in order—
 - (a) to change the conditions for exemption from tax under this section; or
 - (b) to provide that this section does not apply in relation to kinds of arrangement specified in the regulations.
- (9) The power to make regulations under subsection (7) or (8) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.]

Textual Amendments

- F40** S. 89AA inserted (20.10.1997 with application as mentioned in s. 103(5) of the amending Act) by Finance Act 1997 (c. 16), s. 103(1)(8); S.I. 1997/2428, art. 2

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

Modifications etc. (not altering text)

- C13** S. 89AA: power to extend conferred (24.7.2002) by [Finance Act 2002 \(c. 23\), s. 117](#)
C14 S. 89AA extended (26.7.2002) by [S.I. 2002/1975, art. 2](#)
C15 S. 89AA modified (1.1.1999) by [S.I. 1998/3177, arts. 26\(2\), 28\(2\), 30\(2\)](#)

VALID FROM 29/04/1996

[^{F41}89B Section 87: exceptions for stock lending and collateral security arrangements.

- (1) Where a person (P) has contracted to sell chargeable securities of a particular kind in the ordinary course of his business as a market maker in chargeable securities of that kind and, to enable him to fulfil the contract, he enters into an arrangement under which—
- (a) another person (Q) is to transfer chargeable securities to P or his nominee, and
 - (b) in return, chargeable securities of the same kind and amount are to be transferred (whether or not by P or his nominee) to Q or his nominee,
- section 87 above shall not apply as regards an agreement to transfer chargeable securities which is made for the purpose of performing the obligation to transfer chargeable securities described in paragraph (a) or (b) above.
- (2) Where the arrangement mentioned in subsection (1) above is also one under which—
- (a) an amount of chargeable securities of some other kind is to be transferred by P or his nominee to Q or his nominee by way of security for the performance of the obligation described in paragraph (b) of that subsection, and
 - (b) on performance of that obligation, the securities mentioned in paragraph (a) above, or chargeable securities of the same kind and amount as those securities, are to be transferred to P or his nominee,
- section 87 above shall also not apply as regards an agreement to transfer chargeable securities which is made for the purpose of performing the obligation to transfer chargeable securities described in paragraph (a) or (b) above.
- (3) Where, to enable Q to make the transfer to P or his nominee which is mentioned in paragraph (a) of subsection (1) above, Q enters into an arrangement under which—
- (a) another person (R) is to transfer chargeable securities to Q or his nominee, and
 - (b) in return, chargeable securities of the same kind and amount are to be transferred (whether or not by Q or his nominee) to R or his nominee,
- section 87 above shall not apply as regards an agreement to transfer chargeable securities which is made for the purpose of performing the obligation to transfer chargeable securities described in paragraph (a) or (b) above.
- (4) Where the arrangement mentioned in subsection (3) above is also one under which—
- (a) an amount of chargeable securities of some other kind is to be transferred by Q or his nominee to R or his nominee by way of security for the performance of the obligation described in paragraph (b) of that subsection, and
 - (b) on performance of that obligation, the securities mentioned in paragraph (a) above, or chargeable securities of the same kind and amount as those securities, are to be transferred to Q or his nominee,

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

section 87 above shall also not apply as regards an agreement to transfer chargeable securities which is made for the purpose of performing the obligation to transfer chargeable securities described in paragraph (a) or (b) above.

- (5) For the purposes of this section a person is a market maker in chargeable securities of a particular kind if he—
- (a) holds himself out at all normal times in compliance with the rules of The Stock Exchange as willing to buy and sell chargeable securities of that kind at a price specified by him, and
 - (b) is recognised as doing so by The Stock Exchange.
- (6) The Treasury may by regulations provide that for subsection (5) above (as it has effect for the time being) there shall be substituted a subsection containing a different definition of a market maker for the purposes of this section.
- (7) Regulations under subsection (6) above shall apply in relation to any agreement to transfer chargeable securities in pursuance of an arrangement entered into on or after such day after 1st July 1996 as is specified in the regulations.
- (8) The power to make regulations under subsection (6) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.]

Textual Amendments

- F41** S. 89B inserted (with effect as mentioned in s. 191(2) of the amending Act) by [Finance Act 1996 \(c. 8\), s. 191\(1\)](#)

90 Section 87: other exceptions

- (1) Section 87 above shall not apply as regards an agreement to transfer a unit under a unit trust scheme to the managers under the scheme.
- (2) Section 87 above shall not apply as regards an agreement to transfer a unit under a unit trust scheme if at the time the agreement is made —
 - (a) all the trustees under the scheme are resident outside the United Kingdom, and
 - (b) the unit is not registered in a register kept in the United Kingdom by or on behalf of the trustees under the scheme.
- (3) Section 87 above shall not apply as regards an agreement to transfer securities constituted by or transferable by means of —
 - (a) an overseas bearer instrument, within the meaning of the heading “Bearer Instrument” in Schedule 1 to the Stamp Act 1891 ^{F42};
 - (b) an inland bearer instrument, within the meaning of that heading, which does not fall within exemption 3 in that heading (renounceable letter of allotment etc. where rights are renounceable not later than six months after issue).
- (4) Section 87 above shall not apply as regards an agreement which forms part of an arrangement falling within section 93(1) or 96(1) below.
- ^{F43}(5) Section 87 above shall not apply as regards an agreement to transfer securities which the Board are satisfied are held, when the agreement is made, by a person within subsection (6) below.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (6) A person is within this subsection if his business is exclusively that of holding shares, stock or other marketable securities —
- (a) as nominee or agent for a person whose business is or includes the provision of clearance services for the purchase and sale of shares, stock or other marketable securities, and
 - (b) for the purpose of such part of the business mentioned in paragraph (a) above as consists of the provision of such clearance services (in a case where the business does not consist exclusively of that); and in this subsection, 'marketable securities' shall be construed in accordance with section 122(1) of the Stamp Act 1891 ^{M78}.]
- [^{F44}(7) Section 87 above shall not apply as regards an agreement to transfer securities to —
- (a) a body of persons established for charitable purposes only, or
 - (b) the trustees of a trust so established, or
 - (c) the Trustees of the National Heritage Memorial Fund, or
 - (d) the Historic Buildings and Monuments Commission for England.]

Textual Amendments

F42 1891 c. 39.

F43 S. 90(5)(6) substituted for s. 90(5) (retrospectively) by [Finance Act 1987 \(c. 16\)](#), s. 56, [Sch. 7 para. 5](#)

F44 S. 90(5)(6) added (retrospectively) by [Finance Act 1987 \(c. 16\)](#), s. 56, [Sch. 7 para. 6](#)

Marginal Citations

M78 1891 c. 39.

91 Liability to tax

- (1) Where tax is charged under section 87 above as regards an agreement, B shall be liable for the tax.
- (2) ^{F45}

Textual Amendments

F45 S. 91(2) repealed (retrospectively) by [Finance Act 1987 \(c. 51\)](#), ss. 100(2), 104(4), [Sch. 9 Pt. IV](#)

92 Repayment or cancellation of tax

- (1) If, as regards an agreement to transfer securities to B or his nominee, tax is charged under section 87 above and it is proved to the Board's satisfaction that at a time after the expiry of the period of two months (beginning with the relevant day, as defined in section 87(3)) but before the expiry of the period of six years (so beginning) the conditions mentioned in section 87(4) and (5) have been fulfilled, the following provisions of this section shall apply.
- (2) If any of the tax charged has been paid, and a claim for repayment is made within the period of six years mentioned in subsection (1) above, the tax paid shall be repaid; and where the tax paid is not less than £25 it shall be repaid with interest on it at the [^{F46}rate applicable under section 178 of the Finance Act 1989] from the time it was paid.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

(3) To the extent that the tax charged has not been paid, the charge shall be cancelled by virtue of this subsection.

(4) ^{F47}

[^{F48}(4A) Interest paid under subsection (2) above shall not constitute income for any tax purposes.]

(5) ^{F49}

Textual Amendments

F46 Words in s. 92(2) substituted (with effect as mentioned in s. 179(4) of the amending Act) by [Finance Act 1989 \(c. 26\), s. 179\(1\)\(f\)](#)

F47 S. 92(4) repealed (with effect as mentioned in s. 178(7) of the amending Act) by [Finance Act 1989 \(c. 26\), s. 187\(1\), Sch. 17 Pt. X](#)

F48 S. 92(4A) inserted (retrospectively) by [Finance Act 1987 \(c. 16\), s. 56, Sch. 7 para. 7](#)

F49 S. 92(5) repealed (with effect as mentioned in s. 178(7) of the amending Act) by [Finance Act 1989 \(c. 26\), s. 187\(1\), Sch. 17 Pt. X](#)

Modifications etc. (not altering text)

C16 S. 92: power to amend conferred (with effect as mentioned in s. 178(7) of the amending Act) by [Finance Act 1989 \(c. 26\), s. 178\(1\)-\(5\); S.I. 1989/1298, art. 2](#)

Other charges

93 Depository receipts

(1) Subject to subsection (7) below and section 95 below, there shall be a charge to stamp duty reserve tax under this section where in pursuance of an arrangement —

- (a) a person falling within subsection (2) below has issued or is to issue a depository receipt for chargeable securities, and
- (b) chargeable securities of the same kind and amount are transferred or issued to a person falling within subsection (3) below, or are appropriated by such a person towards the eventual satisfaction of the entitlement of the receipt's holder to receive chargeable securities.

(2) A person falls within this subsection if his business is or includes issuing depository receipts for chargeable securities.

(3) A person falls within this subsection if his business is or includes holding chargeable securities as nominee or agent for the person who has issued or is to issue the depository receipt.

(4) Subject to subsections (5) to (7) below, tax under this section shall be charged at the rate of £1.50 for every £100 or part of £100 of the following—

- (a) in a case where the securities are issued, their price when issued;
- (b) in a case where the securities are transferred for consideration in money or money's worth, the amount or value of the consideration;
- (c) in any other case, the value of the securities.

(5) In a case where the securities are transferred and—

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (a) the transfer is effected by an instrument on which stamp duty under the heading “Conveyance or Transfer of any kind not hereinbefore described” in Schedule 1 to the Stamp Act 1891 ^{F50} is chargeable,
- (b) at the time of the transfer the transferor is a qualified dealer in securities of the kind concerned or a nominee of such a qualified dealer,
- (c) the transfer is made for the purposes of the dealer's business,
- (d) at the time of the transfer the dealer is not a market maker in securities of the kind concerned, and
- (e) the instrument contains a statement that paragraphs (b) to (d) above are fulfilled,

subsection (4) above shall have effect as if “£1.50” read “50p” (in a case where the securities are transferred before the day of The Stock Exchange reforms) or “£1” (in any other case).

(6) In a case where—

- (a) securities are issued, or securities sold are transferred, and (in either case) they are to be paid for in instalments,
- (b) the person to whom they are issued or transferred holds them and transfers them to another person when the last instalment is paid,
- (c) subsection (4)(c) above applies in the case of the transfer to the other person,
- (d) before the making of the transfer to the other person an instrument is received by a person falling within subsection (3) above,
- (e) the instrument so received evidences all the rights which (by virtue of the terms under which the securities are issued or sold as mentioned in paragraph (a) above) subsist in respect of them at the time of the receipt, and
- (f) the transfer to the other person is effected by an instrument containing a statement that paragraphs (a), (b) and (e) above are fulfilled,

subsection (4)(c) above shall have effect as if the reference to the value there mentioned were to an amount (if any) equal to the total of the instalments payable, less those paid before the transfer to the other person is effected.

(7) Where tax is (or would apart from this subsection be) charged under this section in respect of a transfer of securities, and ad valorem stamp duty is chargeable on any instrument effecting the transfer, then —

- (a) if the amount of the duty is less than the amount of tax found by virtue of subsections (4) to (6) above, the tax charged under this section shall be the amount so found less the amount of the duty;
- (b) in any other case, there shall be no charge to tax under this section in respect of the transfer.

(8) Where tax is charged under the preceding provisions of this section, the person liable for the tax shall (subject to subsection (9) below) be the person who has issued or is to issue the depositary receipt.

(9) Where tax is charged under the preceding provisions of this section in a case where securities are transferred, and at the time of the transfer the person who has issued or is to issue the depositary receipt is not resident in the United Kingdom and has no branch or agency in the United Kingdom, the person liable for the tax shall be the person to whom the securities are transferred.

(10) Where chargeable securities are issued or transferred on sale under terms providing for payment in instalments and for an issue of other chargeable securities, and (apart

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

from this subsection) tax would be charged under this section in respect of that issue, tax shall not be so charged but —

- (a) if any of the instalments becomes payable by a person falling within subsection (2) or (3) above, there shall be a charge to stamp duty reserve tax under this section when the instalment becomes payable;
 - (b) the charge shall be at the rate of £1.50 for every £100 or part of £100 of the instalment payable;
 - (c) the person liable to pay the instalment shall be liable for the tax.
- (11) Subject to subsection (12) below, this section applies where securities are transferred, issued or appropriated after 18th March 1986 (whenever the arrangement was made).
- (12) This section does not apply, in the case of securities which are transferred, if the Board are satisfied that they were acquired or appropriated by the transferor on or before 18th March 1986 for or towards the eventual satisfaction of the entitlement of a person to receive securities of the same kind under a depositary receipt (whether issued on or before that date or to be issued after that date).

Textual Amendments

F50 1891 c. 39.

94 Depositary receipts: supplementary

- (1) For the purposes of section 93 above a depositary receipt for chargeable securities is an instrument acknowledging —
- (a) that a person holds chargeable securities or evidence of the right to receive them, and
 - (b) that another person is entitled to rights, whether expressed as units or otherwise, in or in relation to chargeable securities of the same kind, including the right to receive such securities (or evidence of the right to receive them) from the person mentioned in paragraph (a) above,
- except that for those purposes a depositary receipt for chargeable securities does not include an instrument acknowledging rights in or in relation to securities if they are issued or sold under terms providing for payment in instalments and for the issue of the instrument as evidence that an instalment has been paid.
- (2) The Treasury may by regulations provide that for subsection (1) above (as it has effect for the time being) there shall be substituted a subsection containing a different definition of a depositary receipt for the purposes of section 93 above.
- (3) For the purposes of section 93(4)(b) above the value of any consideration not consisting of money shall be taken to be the price it might reasonably be expected to fetch on a sale in the open market at the time the securities are transferred.
- (4) For the purposes of section 93(4)(c) above the value of the securities shall be taken to be the price they might reasonably be expected to fetch on a sale in the open market at the time they are transferred or appropriated (as the case may be).
- (5) For the purposes of section 93(5) above a person is a qualified dealer in securities of a particular kind if he deals in securities of that kind and —
- (a) is a member of a recognised stock exchange (within the meaning given by section [F51]841 of the Taxes Act 1988), or

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (b) is designated a qualified dealer by order made by the Treasury.
- (6) For the purposes of section 93(5) above a person is a market maker in securities of a particular kind if he —
 - (a) holds himself out at all normal times in compliance with the rules of The Stock Exchange as willing to buy and sell securities of that kind at a price specified by him, and
 - (b) is recognised as doing so by the Council of The Stock Exchange.
- (7) The Treasury may by regulations provide that for subsection (6) above (as it has effect for the time being) there shall be substituted a subsection containing a different definition of a market maker for the purposes of section 93(5) above.
- (8) In section 93(5) above “the day of The Stock Exchange reforms” means the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.
- (9) The power to make regulations or an order under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

Textual Amendments

F51 Words in s. 94(5) substituted (27.7.1988) by Finance Act 1988 (c. 39) s. 146, {Sch. 13 paras. 23}, 25

95 Depository receipts: exceptions

- (1) Where securities are transferred —
 - (a) to a company which at the time of the transfer falls within subsection (6) of section 67 above and is resident in the United Kingdom, and
 - (b) from a company which at that time falls within that subsection and is so resident,there shall be no charge to tax under section 93 above in respect of the transfer.
- (2) There shall be no charge to tax under section 93 above in respect of a transfer, issue or appropriation of an inland bearer instrument, within the meaning of the heading “Bearer Instrument” in Schedule 1 to the Stamp Act 1891^{F52}, which does not fall within exemption 3 in that heading (renounceable letter of allotment etc. where rights are renounceable not later than six months after issue).
- (3) There shall be no charge to tax under section 93 above in respect of an issue by a company (company X) of securities in exchange for shares in another company (company Y) where company X —
 - (a) has control of company Y, or
 - (b) will have such control in consequence of the exchange or of an offer as a result of which the exchange is made.
- (4) For the purposes of subsection (3) above company X has control of company Y if company X has power to control company Y's affairs by virtue of holding shares in, or possessing voting power in relation to, company Y or any other body corporate.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

Textual Amendments

F52 1981 c. 39.

VALID FROM 27/07/1999

[^{F53}95A Depository receipts: exception for replacement securities.

- (1) There shall be no charge to tax under section 93 above in respect of the transfer, issue or appropriation of chargeable securities (“the new securities”) issued by a company in place of existing securities of the same company (“the old securities”) if the following conditions are met.
- (2) The first condition is that the old securities are held under a depository receipt scheme.
- (3) The second condition is that—
 - (a) there was a charge to tax under section 93 above in respect of the transfer, issue or appropriation—
 - (i) of the old securities, or
 - (ii) of earlier securities in relation to which on a previous application of this section those securities were the new securities,
 or there would have been such a charge if that section had been in force; or
 - (b) there would have been such a charge but for section 95(2) or (3) above.
- (4) The third condition is that there is an arrangement under which—
 - (a) the new securities are transferred, issued or appropriated as mentioned in section 93(1)(b), and
 - (b) the old securities are cancelled.
- (5) For the purposes of subsection (2) above the cases in which securities are held under a depository receipt scheme are those specified (in relation to shares) in section 95(5) above.
- (6) The exception provided by this section applies only to the extent that the value of the new securities immediately after their issue does not exceed the value of the old securities immediately before the issue of the new securities.]

Textual Amendments

F53 S. 95A inserted (with application as mentioned in s. 118(5) of the amending Act) by Finance Act 1999 (c. 16), s. 118(1) (with s. 123(4))

96 Clearance services

- (1) Subject to subsection (5) below and section 97 below, there shall be a charge to stamp duty reserve tax under this section where —

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (a) a person (A) whose business is or includes the provision of clearance services for the purchase and sale of chargeable securities has entered into an arrangement to provide such clearance services for another person, and
 - (b) in pursuance of the arrangement, chargeable securities are transferred or issued to A or to a person whose business is or includes holding chargeable securities as nominee for A.
- (2) Subject to subsections (3) to (5) below, tax under this section shall be charged at the rate of £1.50 for every £100 or part of £100 of the following —
- (a) in a case where the securities are issued, their price when issued;
 - (b) in a case where the securities are transferred for consideration in money or money's worth, the amount or value of the consideration;
 - (c) in any other case, the value of the securities.
- (3) In a case where the securities are transferred and —
- (a) the transfer is effected by an instrument on which stamp duty under the heading “Conveyance or Transfer of any kind not hereinbefore described” in Schedule 1 to the Stamp Act 1891^{F54} is chargeable,
 - (b) at the time of the transfer the transferor is a qualified dealer in securities of the kind concerned or a nominee of such a qualified dealer,
 - (c) the transfer is made for the purposes of the dealer's business,
 - (d) at the time of the transfer the dealer is not a market maker in securities of the kind concerned, and
 - (e) the instrument contains a statement that paragraphs (b) to (d) above are fulfilled,
- subsection (2) above shall have effect as if “£1.50” read “50p” (in a case where the securities are transferred before the day of The Stock Exchange reforms) or “£1”(in any other case).

- (4) In a case where —
- (a) securities are issued, or securities sold are transferred, and (in either case) they are to be paid for in instalments,
 - (b) the person to whom they are issued or transferred holds them and transfers them to another person when the last instalment is paid,
 - (c) subsection (2)(c) above applies in the case of the transfer to the other person,
 - (d) before the making of the transfer to the other person an instrument is received by A or a person whose business is or includes holding chargeable securities as nominee for A,
 - (e) the instrument so received evidences all the rights which (by virtue of the terms under which the securities are issued or sold as mentioned in paragraph (a) above) subsist in respect of them at the time of the receipt, and
 - (f) the transfer to the other person is effected by an instrument containing a statement that paragraphs (a), (b) and (e) above are fulfilled,
- subsection (2)(c) above shall have effect as if the reference to the value there mentioned were to an amount (if any) equal to the total of the instalments payable, less those paid before the transfer to the other person is effected.

- (5) Where tax is (or would apart from this subsection be) charged under this section in respect of a transfer of securities and ad valorem stamp duty is chargeable on any instrument effecting the transfer, then —

Status: *Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.*

Changes to legislation: *Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)*

- (a) if the amount of the duty is less than the amount of tax found by virtue of subsections (2) to (4) above, the tax charged under this section shall be the amount so found less the amount of the duty;
 - (b) in any other case, there shall be no charge to tax under this section in respect of the transfer.
- (6) Where tax is charged under the preceding provisions of this section, the person liable for the tax shall (subject to subsection (7) below) be A.
- (7) Where tax is charged under the preceding provisions of this section in a case where securities are transferred to a person other than A, and at the time of the transfer A is not resident in the United Kingdom and has no branch or agency in the United Kingdom, the person liable for the tax shall be the person to whom the securities are transferred.
- (8) Where chargeable securities are issued or transferred on sale under terms providing for payment in instalments and for an issue of other chargeable securities, and (apart from this subsection) tax would be charged under this section in respect of that issue, tax shall not be so charged but —
- (a) if any of the instalments becomes payable by A or by a person whose business is or includes holding chargeable securities as nominee for A, there shall be a charge to stamp duty reserve tax under this section when the instalment becomes payable;
 - (b) the charge shall be at the rate of £1.50 for every £100 or part of £100 of the instalment payable;
 - (c) the person liable to pay the instalment shall be liable for the tax.
- (9) For the purposes of subsection (2)(b) above the value of any consideration not consisting of money shall be taken to be the price it might reasonably be expected to fetch on a sale in the open market at the time the securities are transferred.
- (10) For the purposes of subsection (2)(c) above the value of securities shall be taken to be the price they might reasonably be expected to fetch on a sale in the open market at the time they are transferred.
- (11) For the purposes of subsection (3) above “qualified dealer” and “market maker” have at any particular time the same meanings as they have at that time for the purposes of section 93(5) above.
- (12) In subsection (3) above “the day of The Stock Exchange reforms” means the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.
- (13) Subject to subsection (14) below, this section applies where securities are transferred or issued after 18th March 1986 (whenever the arrangement was made).
- (14) This section does not apply, in the case of securities which are transferred, if the Board are satisfied —
- (a) that on or before 18th March 1986 the transferor (or, where the transferor transfers as agent, the principal) agreed to sell securities of the same kind and amount to the person (other than A) referred to in subsection (1)(a) above, and
 - (b) that the transfer is effected in pursuance of that agreement.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

Textual Amendments

F54 1891 c. 39.

97 Clearance services: exceptions

- (1) Where securities are transferred —
 - (a) to a company which at the time of the transfer falls within subsection (6) of section 70 above and is resident in the United Kingdom, and
 - (b) from a company which at that time falls within that subsection and is so resident,there shall be no charge to tax under section 96 above in respect of the transfer
- (2) There shall be no charge to tax under section 96 above in respect of a transfer effected by an instrument on which stamp duty is not chargeable by virtue of —
 - (a) section 127(1) of the Finance Act 1976 ^{F55} (transfer to stock exchange nominee), or
 - (b) section 84(2) or (3) above.
- (3) There shall be no charge to tax under section 96 above in respect of a transfer or issue of an inland bearer instrument, within the meaning of the heading “Bearer Instrument” in Schedule 1 to the Stamp Act 1891 ^{F56}, which does not fall within exemption 3 in that heading (renounceable letter of allotment etc. where rights are renounceable not later than six months after issue).
- (4) There shall be no charge to tax under section 96 above in respect of an issue by a company (company X) of securities in exchange for shares in another company (company Y) where company X —
 - (a) has control of company Y, or
 - (b) will have such control in consequence of the exchange or of an offer as a result of which the exchange is made.
- (5) For the purposes of subsection (4) above company X has control of company Y if company X has power to control company Y's affairs by virtue of holding shares in, or possessing voting power in relation to, company Y or any other body corporate.

Textual Amendments

F55 1976 c. 40.

F56 1891 c. 39.

VALID FROM 27/07/1999

^{F57}97AAClearance services: further exception.

- (1) There shall be no charge to tax under section 96 above in respect of the transfer or issue of chargeable securities (“the new securities”) issued by a company in place of existing securities of the same company (“the old securities”) if the following conditions are met.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (2) The first condition is that the old securities are held under a clearance services scheme.
- (3) The second condition is that—
 - (a) there was a charge to tax under section 96 above in respect of the transfer or issue—
 - (i) of the old securities, or
 - (ii) of earlier securities in relation to which on a previous application of this section those securities were the new securities,
 or there would have been such a charge if that section had been in force; or
 - (b) there would have been such a charge but for section 97(3) or (4) above.
- (4) The third condition is that there is an arrangement under which—
 - (a) the new securities are transferred or issued as mentioned in section 96(1)(b), and
 - (b) the old securities are cancelled.
- (5) For the purposes of subsection (2) above the cases in which securities are held under a clearance services scheme are those specified (in relation to shares) in section 97(6) above.
- (6) The exception provided by this section applies only to the extent that the value of the new securities immediately after their issue does not exceed the value of the old securities immediately before the issue of the new securities.]

Textual Amendments

- F57** S. 97AA inserted (with application as mentioned in s. 118(5) of the amending Act) by Finance Act 1999 (c. 16), s. 118(3) (with s. 123(4))

VALID FROM 01/07/1996

^{F58}97A Clearance services: election for alternative system of charge.

- (1) A person whose business is or includes the provision of clearance services for the purchase and sale of chargeable securities or relevant securities (an “operator”) may, with the approval of the Board, elect that stamp duty and stamp duty reserve tax shall be chargeable in accordance with this section in connection with those clearance services.
- (2) An election under subsection (1) above—
 - (a) shall come into force on such date as may be notified to the operator by the Board in giving their approval; and
 - (b) shall continue in force unless and until it is terminated in accordance with the following provisions of this section.
- (3) If and so long as an election under subsection (1) above is in force, stamp duty or stamp duty reserve tax (as the case may require) shall, in connection with the clearance services to which the election relates, be chargeable in relation to—
 - (a) a transfer or issue falling within section 70(1) or 96(1) above,

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (b) an agreement falling within section 90(4) above by virtue of section 96(1) above, or
 - (c) an agreement falling within section 90(5) above,as it would be chargeable apart from sections 70, 90(4) and (5) and 96 above.
- (4) Where stamp duty or stamp duty reserve tax is chargeable by virtue of subsection (3) above in relation to a transfer, issue or agreement, sections 70, 90(4) and (5) and 96 above shall not have effect in relation to that transfer, issue or agreement.
- (5) Nothing in subsection (3) or (4) above affects the application of section 70 or 96 above in relation to a transfer falling within section 70(1) or 96(1) above by the operator or his nominee to, or to a nominee of, another operator in relation to whom no election under subsection (1) above is for the time being in force.
- (6) The Board may require the operator, as a condition of the approval of his election under subsection (1) above, to make and maintain such arrangements as they may consider satisfactory—
 - (a) for the collection of stamp duty reserve tax chargeable in accordance with this section, and
 - (b) for complying, or securing compliance, with the provisions of this Part and of regulations under section 98 below, so far as relating to such tax.
- (7) Where the operator is not resident in the United Kingdom and has no branch or agency in the United Kingdom, the Board may require him, as a condition of the approval of his election under subsection (1) above, to appoint and, so long as the election remains in force, maintain a tax representative.
- (8) A person shall not be an operator's tax representative under this section unless that person—
 - (a) has a business establishment in the United Kingdom, and
 - (b) is approved by the Board.
- (9) A person who is at any time an operator's tax representative under this section—
 - (a) shall be entitled to act on the operator's behalf for the purposes of stamp duty and stamp duty reserve tax in connection with the clearance services to which the operator's election under subsection (1) above relates,
 - (b) shall secure (where appropriate by acting on the operator's behalf) the operator's compliance with and discharge of the obligations and liabilities to which the operator is subject, in connection with the clearance services to which the operator's election under subsection (1) above relates, by virtue of legislation relating to stamp duty or stamp duty reserve tax (including obligations and liabilities arising before he became the operator's tax representative), and
 - (c) shall be personally liable in respect of any failure to secure the operator's compliance with or discharge of any such obligation or liability, and in respect of anything done for purposes connected with acting on the operator's behalf,as if the obligations and liabilities imposed on the operator were imposed jointly and severally on the tax representative and the operator.
- (10) An election under subsection (1) above may be terminated—
 - (a) by not less than thirty days' notice given by the operator to the Board or by the Board to the operator; or

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (b) if there is or has been a breach of a condition of the approval of the election imposed by virtue of subsection (6) or (7) above, by a notice—
- (i) given by the Board to the operator,
 - (ii) taking effect on the giving of the notice or at such later time as may be specified in the notice, and
 - (iii) stating that it is given by reason of the breach of condition.
- (11) Where an election under subsection (1) above is terminated, section 96 above shall have effect as if chargeable securities of the same amounts and kinds as are, immediately before the termination, held by the operator or his nominee in connection with the provision of the clearance services, had, immediately after the termination, been transferred to the operator or, as the case may be, to the nominee by a transfer falling within subsection (1) of that section.
- (12) In this section “relevant securities” has the same meaning as in section 70 above.]

Textual Amendments

F58 S. 97A inserted (1.7.1996) by [Finance Act 1996 \(c. 8\), s. 196\(3\)\(6\)](#)

VALID FROM 28/07/2000

[^{F59}97B Transfer between depositary receipt system and clearance system.

- (1) There shall be no charge to tax under section 93 or 96 above where securities are transferred between a depositary receipt system and a clearance system.
- (2) A transfer between a depositary receipt system and a clearance system means a transfer—
 - (a) from (or to) a company which at the time of the transfer falls within section 67(6) above, and
 - (b) to (or from) a company which at that time falls within section 70(6) above.
- (3) This section does not apply to a transfer from a clearance system (that is, from such a company as is mentioned in subsection (2)(b) above) if at the time of the transfer an election is in force under section 97A above in relation to the clearance services for the purposes of which the securities are held immediately before the transfer.]

Textual Amendments

F59 S. 97B inserted (with effect in as mentioned in [s. 134\(5\)\(b\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\), s. 134\(2\)](#)

General

98 Administration etc.

- (1) The Treasury may make regulations —

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (a) providing that provisions of the Taxes Management Act 1970 ^{M79} specified in the regulations shall apply in relation to stamp duty reserve tax as they apply in relation to a tax within the meaning of that Act, with such modifications (specified in the regulations) as they think fit;
 - (b) making with regard to stamp duty reserve tax such further provision as they think fit in relation to administration, assessment, collection and recovery.
- (2) The power to make regulations under subsection (1) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

Marginal Citations

M79 1970 c. 9.

99 Interpretation

- (1) This section applies for the purposes of this Part of this Act.
- (2) “The Board” means the Commissioners of Inland Revenue.
- [^{F60}(3) Subject to the following provisions of this section, “chargeable securities” means —
 - (a) stocks, shares or loan capital,
 - (b) interests in, or in dividends or other rights arising out of, stocks, shares or loan capital,
 - (c) rights to allotments of or to subscribe for, or options to acquire, stocks, shares or loan capital, and
 - (d) units under a unit trust scheme.
- (4) “Chargeable securities” does not include securities falling within paragraph (a), (b) or (c) of subsection (3) above which are issued or raised by a body corporate not incorporated in the United Kingdom unless —
 - (a) they are registered in a register kept in the United Kingdom by or on behalf of the body corporate by which they are issued or raised, or
 - (b) in the case of shares, they are paired with shares issued by a body corporate incorporated in the United Kingdom, or
 - (c) in the case of securities falling within paragraph (b) or (c) of subsection (3) above, paragraph (a) or (b) above applies to the stocks, shares or loan capital to which they relate.
- (5) “Chargeable securities” does not include —
 - (a) securities the transfer of which is exempt from all stamp duties, or
 - (b) securities falling within paragraph (b) or (c) of subsection (3) above which relate to stocks, shares or loan capital the transfer of which is exempt from all stamp duties.
- (6) “Chargeable securities” does not include interests in depositary receipts for stocks or shares.
- (6A) For the purposes of subsection (4) above, shares issued by a body corporate which is not incorporated in the United Kingdom (“the foreign company”) are paired with

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

shares issued by a body corporate which is so incorporated (“the UK company”) where —

- (a) the articles of association of the UK company and the equivalent instruments governing the foreign company each provide that no share in the company to which they relate may be transferred otherwise than as part of a unit comprising one share in that company and one share in the other, and
- (b) such units have been offered for sale to the public in the United Kingdom and, at the same time, an equal number of such units have been offered for sale to the public at a broadly equivalent price in the country in which the foreign company is incorporated.]

(7) A depositary receipt for stocks or shares is an instrument acknowledging —

- (a) that a person holds stocks or shares or evidence of the right to receive them, and
- (b) that another person is entitled to rights, whether expressed as units or otherwise, in or in relation to stocks or shares of the same kind, including the right to receive such stocks or shares (or evidence of the right to receive them) from the person mentioned in paragraph (a) above,

except that a depositary receipt for stocks or shares does not include an instrument acknowledging rights in or in relation to stocks or shares if they are issued or sold under terms providing for payment in instalments and for the issue of the instrument as evidence that an instalment has been paid.

(8) The Treasury may by regulations provide that for subsection (7) above (as it has effect for the time being) there shall be substituted a subsection containing a different definition of a depositary receipt; and the power to make regulations under this subsection shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

(9) “Unit” ^{F61}(except in subsection (6A) above)] and “unit trust scheme” have the same meanings as in Part VII of the Finance Act 1946 ^{M80}.

(10) In interpreting “chargeable securities” in sections 93, 94 and 96 above —

- ^{F62}(a) paragraph (a) of subsection (4) above and the reference to that paragraph in paragraph (c) of that subsection shall be ignored, and]
- (b) the effect of paragraph 8 of Schedule 14 to the Companies Act 1985 ^{M81} (share registered overseas) and of section 118 of the Companies Act (Northern Ireland) 1960 ^{M82} and paragraph 7 of Schedule 14 to the Companies (Northern Ireland) Order 1986 ^{M83} (equivalent provision for Northern Ireland) shall be ignored for the purposes of subsection (5) above.

^{F63}(11) In interpreting “chargeable securities” in section 93 or 96 above in a case where —

- (a) newly subscribed shares, or
- (b) securities falling within paragraph (b) or (c) of subsection (3) above which relate to newly subscribed shares,

are issued in pursuance of an arrangement such as is mentioned in that section (or an arrangement which would be such an arrangement if the securities issued were chargeable securities), paragraph (b) of subsection (4) above and the reference to that paragraph in paragraph (c) of that subsection shall be ignored.

(12) In subsection (11) above, “newly subscribed shares” means shares issued wholly for new consideration in pursuance of an offer for sale to the public.]

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

Textual Amendments

- F60** S. 99(3)-(6) substituted (with application as mentioned in s. 144(6) of the amending Act) by [Finance Act 1988 \(c. 39\)](#) {s. 144(2)}
- F61** Words in s. 99(9) inserted (with application as mentioned in s. 144(6) of the amending Act) by [Finance Act 1988 \(c. 39\)](#), s. 144(3)
- F62** S. 99(10)(a) substituted (with application in accordance with s. 144(6) of the amending Act) by [Finance Act 1988 \(c. 39\)](#), s. 144(4)
- F63** S. 99(11)(12) added (with application as mentioned in s. 144(6) of the amending Act) by [Finance Act 1988 \(c. 39\)](#), s. 144(5)

Marginal Citations

- M80** 1946 c. 64.
- M81** 1985 c. 6.
- M82** 1960 c. 22 (N.I.)
- M83** S. I. 1986/1032 (N. I. 6).

PART V

INHERITANCE TAX

100 Capital transfer tax to be known as inheritance tax.

- (1) On and after the passing of this Act, the tax charged under the Capital Transfer Tax Act 1984 (in this Part of this Act referred to as “the 1984 Act”) shall be known as inheritance tax and, accordingly, on and after that passing,—
- the 1984 Act may be cited as the Inheritance Tax Act 1984 ; and
 - subject to subsection (2) below, any reference to capital transfer tax in the 1984 Act, in any other enactment passed before or in the same Session as this Act or in any document executed, made, served or issued on or before the passing of this Act or at any time thereafter shall have effect as a reference to inheritance tax.
- (2) Subsection (1)(b) above does not apply where the reference to capital transfer tax relates to a liability arising before the passing of this Act.
- (3) In the following provisions of this Part of this Act, any reference to tax except where it is a reference to a named tax is a reference to inheritance tax and, in so far as it occurs in a provision which relates to a time before the passing of this Act, includes a reference to capital transfer tax.

101 Lifetime transfers potentially exempt etc.

- (1) The 1984 Act shall have effect subject to the amendments in Part I of Schedule 19 to this Act, being amendments—
- removing liability for tax on certain transfers of value where the transfer occurs at least seven years before the transferor’s death;
 - providing for one Table of rates of tax;
 - abolishing exemptions for mutual transfers;

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (d) making provision with respect to the amounts of tax to be charged on transfers occurring before the death of the transferor;
 - (e) making provision with respect to the application of relief under Chapter I (business property) and Chapter II (agricultural property) of Part V of the 1984 Act to such transfers; and
 - (f) reducing the period during which the values transferred by chargeable transfers are aggregates from ten years to seven;
- and amendments making provisions consequential on or incidental to the matters referred to above and to sections 102 and 103 below.
- (2) F64
- (3) Part I of Schedule 19 to this Act has effect, subject to Part II of that Schedule, with respect to transfers of value made, and other events occurring, on or after 18th March 1986.
- (4) The transitional provisions in Part II of Schedule 19 to this Act shall have effect.

Textual Amendments

F64 S. 101(2) repealed by Finance Act 1989 (c. 26, SIF 63:2), s. 187(1), Sch. 17 Pt. VII

102 Gifts with reservation.

- (1) Subject to subsections (5) and (6) below, this section applies where, on or after 28th March 1986, an individual disposes of any property by way of gift and either—
- (a) possession and enjoyment of the property is not bona fide assumed by the donee at or before the beginning of the relevant period; or
 - (b) at any time in the relevant period the property is not enjoyed to the entire exclusion, or virtually to the entire exclusion, of the donor and of any benefit to him by contract or otherwise;
- and in this section “the relevant period” means a period ending on the date of the donor’s death and beginning seven years before that date or, if it is later, on the date of the gift.
- (2) If and so long as—
- (a) possession and enjoyment of any property is not bona fide assumed as mentioned in subsection (1)(a) above, or
 - (b) any property is not enjoyed as mentioned in subsection (1)(b) above,
- the property is referred to (in relation to the gift and the donor) as property subject to a reservation.
- (3) If, immediately before the death of the donor, there is any property which, in relation to him, is property subject to a reservation then, to the extent that the property would not, apart from this section, form part of the donor’s estate immediately before his death, that property shall be treated for the purposes of the 1984 Act as property to which he was beneficially entitled immediately before his death.
- (4) If, at a time before the end of the relevant period, any property ceases to be property subject to a reservation, the donor shall be treated for the purposes of the 1984 Act as having at that time made a disposition of the property by a disposition which is a potentially exempt transfer.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (5) This section does not apply if or, as the case may be, to the extent that the disposal of the property by way of gift is an exempt transfer by virtue of any of the following provisions of Part II of the 1984 Act,—
- (a) section 18 (transfers between spouses);
 - (b) section 20 (small gifts);
 - (c) section 22 (gifts in consideration of marriage);
 - (d) section 23 (gifts to charities);
 - (e) section 24 (gifts to political parties);
 - [^{F65}(ee) section 24A (gifts to housing associations);]
 - (f) section 25 (gifts for national purposes, etc);
 - (g) section 26 (gifts for public benefit);
 - (h) section 27 (maintenance funds for historic buildings); and
 - (i) section 28 (employee trusts).
- (6) This section does not apply if the disposal of property by way of gift is made under the terms of a policy issued in respect of an insurance made before 18th March 1986 unless the policy is varied on or after that date so as to increase the benefits secured or to extend the term of the insurance; and, for this purpose, any change in the terms of the policy which is made in pursuance of an option or other power conferred by the policy shall be deemed to be a variation of the policy.
- (7) If a policy issued as mentioned in subsection (6) above confers an option or other power under which benefits and premiums may be increased to take account of increases in the retail price index (as defined in section 8(3) of the 1984 Act) or any similar index specified in the policy, then, to the extent that the right to exercise on or before 1st August 1986, the exercise of that option or power before that date shall be disregarded for the purposes of subsection (6) above.
- (8) Schedule 20 to this Act has effect for supplementing this section.

Textual Amendments

F65 Finance Act 1989 (c. 26, SIF 63:1, 2), s. 171(5), with effect from 14 March 1989

VALID FROM 27/07/1999

[^{F66}102A Gifts with reservation: interest in land.

- (1) This section applies where an individual disposes of an interest in land by way of gift on or after 9th March 1999.
- (2) At any time in the relevant period when the donor or his spouse enjoys a significant right or interest, or is party to a significant arrangement, in relation to the land—
- (a) the interest disposed of is referred to (in relation to the gift and the donor) as property subject to a reservation; and
 - (b) section 102(3) and (4) above shall apply.
- (3) Subject to subsections (4) and (5) below, a right, interest or arrangement in relation to land is significant for the purposes of subsection (2) above if (and only if) it entitles or enables the donor to occupy all or part of the land, or to enjoy some right in relation

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

to all or part of the land, otherwise than for full consideration in money or money's worth.

- (4) A right, interest or arrangement is not significant for the purposes of subsection (2) above if—
- (a) it does not and cannot prevent the enjoyment of the land to the entire exclusion, or virtually to the entire exclusion, of the donor; or
 - (b) it does not entitle or enable the donor to occupy all or part of the land immediately after the disposal, but would do so were it not for the interest disposed of.
- (5) A right or interest is not significant for the purposes of subsection (2) above if it was granted or acquired before the period of seven years ending with the date of the gift.
- (6) Where an individual disposes of more than one interest in land by way of gift, whether or not at the same time or to the same donee, this section shall apply separately in relation to each interest.]

Textual Amendments

F66 Ss. 102A, 102B, 102C inserted (27.7.1999) by 1999 c. 16, s. 104

VALID FROM 27/07/1999

^{F67} 102B Gifts with reservation: share of interest in land.

- (1) This section applies where an individual disposes, by way of gift on or after 9th March 1999, of an undivided share of an interest in land.
- (2) At any time in the relevant period, except when subsection (3) or (4) below applies—
- (a) the share disposed of is referred to (in relation to the gift and the donor) as property subject to a reservation; and
 - (b) section 102(3) and (4) above shall apply.
- (3) This subsection applies when the donor—
- (a) does not occupy the land; or
 - (b) occupies the land to the exclusion of the donee for full consideration in money or money's worth.
- (4) This subsection applies when—
- (a) the donor and the donee occupy the land; and
 - (b) the donor does not receive any benefit, other than a negligible one, which is provided by or at the expense of the donee for some reason connected with the gift.

Textual Amendments

F67 Ss. 102A, 102B, 102C inserted (27.7.1999) by 1999 c. 16, s. 104

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

VALID FROM 27/07/1999

F68 102C Sections 102A and 102B: supplemental.

- (1) In sections 102A and 102B above “the relevant period” has the same meaning as in section 102 above.
- (2) An interest or share disposed of is not property subject to a reservation under section 102A(2) or 102B(2) above if or, as the case may be, to the extent that the disposal is an exempt transfer by virtue of any of the provisions listed in section 102(5) above.
- (3) In applying sections 102A and 102B above no account shall be taken of—
 - (a) occupation of land by a donor, or
 - (b) an arrangement which enables land to be occupied by a donor, in circumstances where the occupation, or occupation pursuant to the arrangement, would be disregarded in accordance with paragraph 6(1)(b) of Schedule 20 to this Act.
- (4) The provisions of Schedule 20 to this Act, apart from paragraph 6, shall have effect for the purposes of sections 102A and 102B above as they have effect for the purposes of section 102 above; and any question which falls to be answered under section 102A or 102B above in relation to an interest in land shall be determined by reference to the interest which is at that time treated as property comprised in the gift.
- (5) Where property other than an interest in land is treated by virtue of paragraph 2 of that Schedule as property comprised in a gift, the provisions of section 102 above shall apply to determine whether or not that property is property subject to a reservation.
- (6) Sections 102 and 102A above shall not apply to a case to which section 102B above applies.
- (7) Section 102A above shall not apply to a case to which section 102 above applies.

Textual Amendments

F68 Ss. 102A, 102B, 102C inserted (27.7.1999) by 1999 c. 16, s. 104

103 Treatment of certain debts and incumbrances.

- (1) Subject to subsection (2) below, if, in determining the value of a person’s estate immediately before his death, account would be taken, apart from this subsection, of a liability consisting of a debt incurred by him or an incumbrance created by a disposition made by him, that liability shall be subject to abatement to an extent proportionate to the value of any of the consideration given for the debt or incumbrance which consisted of—
 - (a) property derived from the deceased; or
 - (b) consideration (not being property derived from the deceased) given by any person who was at the time entitled to, or amongst whose resources there were at any time included, any property derived from the deceased.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (2) If, in the case where the whole or part of the consideration given for a debt or incumbrance consisted of such consideration as is mentioned in subsection (1)(b) above, it is shown that the value of the consideration given, or of that part thereof, as the case may be, exceeded that which could have been rendered available by application of all the property derived from the deceased, other than such (if any) of that property—
- (a) as is included in the consideration given, or
 - (b) as to which it is shown that the disposition of which it, or the property which it represented, was the subject matter was not made with reference to, or with a view to enabling or facilitating, the giving of the consideration or the recoupment in any manner of the cost thereof, no abatement shall be made under subsection (1) above in respect of the excess.
- (3) In subsections (1) and (2) above “property derived from” means, subject to subsection (4) below, any property which was the subject matter of a disposition made by the deceased, either by himself alone or in concert or by arrangement with any other person or which represented any of the subject matter of such a disposition, whether directly or indirectly, and whether by virtue of one or more intermediate dispositions.
- (4) If the disposition first-mentioned in subsection (3) above was not a transfer of value and it is shown that the disposition was not part of associated operations which included—
- (a) a disposition by the deceased, either alone or in concert or by arrangement with any other person, otherwise than for full consideration in money or money’s worth paid to the deceased for his own use or benefit; or
 - (b) a disposition by any other person operating to reduce the value of the property of the deceased,
- that first-mentioned disposition shall be left out of account for the purposes of subsections (1) to (3) above.
- (5) If, before a person’s death but on or after 18th March 1986, money or money’s worth is paid or applied by him—
- (a) in or towards the satisfaction or discharge of a debt or incumbrance in the case of which subsection (1) above would have effect on his death if the debt or incumbrance had not been satisfied or discharged, or
 - (b) in reduction of debt or incumbrance in the case of which that subsection has effect on his death,
- the 1984 Act shall have effect as if, at the time of the payment or application, the person concerned had made a transfer of value equal to the money or money’s worth and that transfer were a potentially exempt transfer.
- (6) Any reference in this section to a debt is a reference to a debt incurred on or after 18th March 1986 and any reference to an incumbrance created by a disposition is a reference to an incumbrance created by an disposition made on or after that date; and in this section “subject matter” includes, in relation to any disposition, any annual or periodical payment made or payable under or by virtue of the disposition
- (7) In determining the value of a person’s estate immediately before his death, no account shall be taken (by virtue of section 5 of the 1984 Act) of any liability arising under or in connection with a policy of life insurance issued in respect of an insurance made on or after 1st July 1986 unless the whole of the sums assured under that policy form part of that person’s estate immediately before his death.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

104 Regulations for avoiding double charges etc.

- (1) For the purposes of the 1984 Act the Board may by regulations make such provision as is mentioned in subsection (2) below with respect to transfers of value made, and other events occurring, on or after 18th March 1986 where—
 - (a) a potentially exempt transfer proves to be a chargeable transfer and, immediately before the death of the transferor, his estate includes property acquired by him from the transferee otherwise than for full consideration in money or money's worth;
 - (b) an individual disposes of property by a transfer of value which is or proves to be a chargeable transfer and the circumstances are such that subsection (3) or subsection (4) of section 102 above applies to the property as being or having been property subject to a reservation;
 - (c) in determining the value of a person's estate immediately before his death, a liability of his to any person is abated as mentioned in section 103 above and, before his death, the deceased made a transfer of value by virtue of which the estate of that other person was increased or by virtue of which property becomes comprised in a settlement of which that other person is a trustee; or
 - (d) the circumstances are such as may be specified in the regulations for the purposes of this subsection, being circumstances appearing to the Board to be similar to those referred to in paragraphs (a) to (c) above.
- (2) The provision which may be made by regulations under this section is provision for either or both of the following,—
 - (a) treating the value transferred by a transfer of value as reduced by reference to the value transferred by another transfer of value ; and
 - (b) treating the whole or any part of the tax paid or payable on the value transferred by a transfer of value as a credit against the tax payable on the value transferred by another transfer of value.
- (3) The power to make regulations under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the Commons House of Parliament.

105 Application of business and agricultural relief where transfer partly exempt.

With respect to transfers of value made on or after 18th March 1986, after section 39 of the 1984 Act there shall be inserted the following section—

“39A Operation of sections 38 and 39 in cases of business or agricultural relief.

- (1) Where any part of the value transferred by a transfer of value is attributable to—
 - (a) the value of the relevant business property, or
 - (b) the agricultural value of agricultural property,then, for the purpose of attributing the value transferred (as reduced in accordance with section 104 or 116 below), to specific gifts and gifts of residue, sections 38 and 39 above shall have effect subject to the following provisions of this section.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (2) The value of any specific gifts of relevant business property or agricultural property shall be taken to be their value as reduced in accordance with section 104 or 116 below.
- (3) The value of any specific gifts not falling within subsection (2) above shall be taken to be the appropriate fraction of their value.
- (4) In subsection (3) above “the appropriate fraction” means a fraction of which—
 - (a) the numerator is the difference between the value transferred and the value, reduced as mentioned in subsection (2) above, of any gifts falling within that subsection, and
 - (b) the denominator is the difference between the unreduced value transferred and the value, before the reduction mentioned in subsection (2) above, of any gifts falling within that subsection;
 and in paragraph (b) above “the unreduced value transferred” means the amount which would be the value transferred by the transfer but for the reduction required by sections 104 and 116 below.
- (5) If or to the extent that specific gifts fall within paragraphs (a) and (b) of subsection (1) of section 38 above, the amount corresponding to the value of the gifts shall be arrived at in accordance with subsections (3) to (5) of that section by reference to their value reduced as mentioned in subsection (2) or, as the case may be, subsection (3) of this section.
- (6) For the purposes of this section the value of a specific gift of relevant business property or agricultural property does not include the value of any other gift out of that property; and that other gift shall not itself be treated as a specific gift of relevant business property or agricultural property.
- (7) In this section—

“agricultural property” and “the agricultural value of agricultural property” have the same meaning as in Chapter II of Part V of this Act; and

“relevant business property” has the same meaning as in Chapter I of that Part.”

106 Changes in financial institutions business property.

- (1) In section 105 of the 1984 Act (relevant business property) the following shall be substituted for subsection (4)(a)—
 - “(a) does not apply to any property if the business concerned is wholly that of a market maker or is that of a discount house and (in either case) is carried on in the United Kingdom, and”.
- (2) At the end of that section there shall be inserted—
 - “(7) In this section “market maker” means a person whom—
 - (a) holds himself out at all normal times in compliance with the rules of The Stock Exchange as willing to buy and sell securities, stocks and shares at a price specified by him, and
 - (b) is recognised as doing so by the Council of The Stock Exchange.”

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (3) Subsections (1) and (2) above apply in relation to transfers of value made, and other events occurring, on or after the day of the Stock Exchange reforms.
- (4) The Board may by regulations provided that section 105(7) of the 1984 Act (as inserted by subsection (2) above) shall have effect—
 - (a) as if the reference to The Stock Exchange in paragraph (a) were to any recognised investment exchange (within the meaning of the Financial Services Act 1986) or to any of those exchanges specified in the regulations, and
 - (b) as if the reference to the Council of Stock Exchange in paragraph (b) were to the investment exchange concerned.
- (5) The Board may by regulations amend section 105 of the 1984 Act so as to secure that section 105(3) does not apply to any property if the business concerned is of such description as is set out in the regulations; and the regulations may include such incidental and consequential provisions as the Board think fit.
- (6) Regulations under subsection (4) or (5) above shall apply in relation to transfers of value made, and other events occurring, on or after such day, after the Stock Exchange reforms, as is specified in the regulations.
- (7) The power to make regulations under subsection (4) and (5) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the Commons House of Parliament.
- (8) In this section “the day of the Stock Exchange reforms” means the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished^{F69}.

Textual Amendments

F69 The “day of The Stock Exchange reforms” was 27 October 1986.

107 Changes in financial institutions: interest.

- (1) In section 234 of the 1984 Act (interest in instalments) the following shall be substituted for subsection (3)(c)—
 - “(c) any company whose business is wholly that of a market maker or is that of a discount house and (in either case) is carried on in the United Kingdom.”
- (2) At the end of that section there shall be inserted—
 - “(4) In this section “market maker” means a person who—
 - (a) holds himself out at all normal times in compliance with the rules of The Stock Exchange as willing to buy and sell securities, stocks or shares at a price specified by him, and
 - (b) is recognised as doing so by the Council of The Stock Exchange.”
- (3) Subsections (1) and (2) above apply in relation to chargeable transfers made, and other events occurring, on or after the day of The Stock Exchange reforms.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (4) The Board may by regulations provide that section 234(4) of the 1984 Act (as inserted by subsection (2) above) shall have effect—
 - (a) as if the reference to The Stock Exchange in paragraph (a) were to any recognised investment exchange (within the meaning of the Financial Service Act 1986) or to any of those exchanges specified in the regulations, and
 - (b) as if the reference to the Council of The Stock Exchange in paragraph (b) were to the investment exchange concerned.
- (5) The Board may by regulations amend section 234 of the 1984 Act so as to secure that companies of a description set out in the regulations fall within section 234(3) (c); and the regulations may include such incidental and consequential provisions as the Board think fit.
- (6) Regulations under subsection (4) or (5) above shall apply in relation to chargeable transfers made, and by other events occurring, on or after such day, after the day of The Stock Exchange reforms, as is specified in the regulations.
- (7) The power to make regulations under subsection (4) or (5) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the Commons House of Parliament.
- (8) In this section “the day of The Stock Exchange reforms” has the same meaning as in section 106 above.

PART VI

OIL TAXATION

108 The on-shore/off-shore boundary.

- (1) For the purposes of the enactments relating to oil taxation, land lying between the landward boundary of the territorial sea and the shoreline of the United Kingdom (as defined below) shall be treated as part of the bed of the territorial sea of the United Kingdom and any reference in those enactments to the territorial sea or the subsoil beneath it shall be construed accordingly.
- (2) Any reference to the United Kingdom in the enactments relating to oil taxation, where that reference is a reference to a geographical area, shall be treated as a reference to the United Kingdom exclusive of the land referred to in subsection (1) above and of any waters for the time being covering that land.
- (3) In this section—
 - (a) “the landward boundary of the territorial sea” means the line for the time being ordered by Her Majesty in Council to be the baseline from which the breadth of the territorial sea is measured; and
 - (b) “the shoreline of the United Kingdom” means, subject to subsection (4) below, the high-water line along the coast, including the coast of all islands comprised in the United Kingdom.
- (4) In the case of waters adjacent to a bay, as defined in the Territorial Waters Order in Council 1964, the shoreline means—

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (a) if the bay has only one mouth and the distance between the high-water lines of the natural entrance points of the bay does not exceed 5,000 metres, a straight line joining those high-water lines;
 - (b) if, because of the presence of islands, the bay has more than one mouth and the distances between the high-water lines of the natural entrance points of each mouth added together do not exceed 5,000 metres, a series of straight lines across each of the mouths drawn so as to join those high-water lines; and
 - (c) if neither paragraph (a) nor paragraph (b) above applies, a straight line 5,000 metres in length drawn from high-water line to high-water line within the bay in such a manner as to enclose the maximum area of water that is possible with a line of that length.
- (5) If, by virtue of this section, it becomes necessary at any time to establish the high-water line at any place, it shall be taken to be the line which, on the current Admiralty chart showing that place, is depicted as “the coastline”, and for this purpose,—
- (a) an Admiralty chart means a chart published under the superintendence of the Hydrographer of the Navy;
 - (b) if there are two or more Admiralty charts of different scales showing the place in question and depicting the coastline, account shall be taken only of the largest scale chart; and
 - (c) subject to paragraph (b) above, the current Admiralty chart at any time is that most recently published before that time.
- (6) In this section “the enactments relating to oil taxation” means Part I of the ^{M84}Oil Taxation Act 1975 and any enactment which is to be construed as one with that Part.
- (7) This section shall be deemed to have come into force on 1st April 1986.

Modifications etc. (not altering text)

C17 S. 108(5) applied (16.7.1992) by Finance (No. 2) Act 1992 (c. 48), s. 74(4).

Marginal Citations

M84 1975 c. 22.

109 Alternative valuation of light gases.

- (1) Where an election is made under this section and accepted by the Board, the market value for the purposes of the Oil Taxation Acts of any light gases to which the election applies shall be determined, not in accordance with paragraphs 2, 2A and 3 of Schedule 3 to the principal Act (value under a notional contract), but by reference to a price formula specified in the election; and, in relation to any such light gases, any reference to market value in any other provision of the Oil Taxation Acts shall be construed accordingly.
- (2) No election may be made under this section in respect of light gases which are “ethane” as defined in subsection (6)(a) of section 134 of the ^{M85}Finance Act 1982 (alternative valuation of ethane used for petrochemical purposes) if the principal purpose for which the gases are being or are to be used is that specified in subsection (2)(b) of the said section 134 (use for petrochemical purposes).

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

- (3) Subject to subsection (4) below, an election under this section applies only to light gases—
- (a) which, during the period covered by the election, are either disposed of otherwise than in sales at arm's length or relevantly appropriated; and
 - (b) which are not subject to fractionation between the time at which they are so disposed of or appropriated and the time at which they are applied or used for the purposes specified in the election.
- (4) In any case where,—
- (a) at a time during the period covered by an election, a market value falls to be determined for light gases to which subsection (4)(b) or (5)(d) of section 2 of the principal Act applies (oil stocks at the end of chargeable periods), and
 - (b) after the expiry of the chargeable period in question, the light gases are disposed of or appropriated as mentioned in subsection (3) above,
- the market value of those light gases at the time referred to in paragraph (a) above shall be determined as if they were gases to which the election applies.
- (5) Schedule 18 to the ^{M86}Finance Act 1982 (which applies to elections under section 134 of that Act relating to ethane used or to be used for petrochemical purposes) shall have effect for supplementing this section but subject to the modifications in Schedule 21 to this Act (in which “the 1982 Schedule” means the said Schedule 18).
- (6) This section shall be construed as one with Part I of the principal Act and in this section—
- (a) “light gases” means oil consisting of gas of which the largest component by volume over any chargeable period is methane or ethane or a combination of those gases and which—
 - (i) results from the fractionation of gas before it is disposed of or appropriated as mentioned in subsection (3)(a) above, or
 - (ii) before being so disposed of or appropriated, is not subjected to initial treatment or is subjected to initial treatment which does not include fractionation;
 - (b) “the principal Act” means the ^{M87}Oil Taxation Act 1975; and
 - (c) “the Oil Taxation Acts” means Part I of the principal Act and any enactment which is to be construed as one with that Part.
- (7) In this section “fractionation” means the treatment of gas in order to separate gas of one or more kinds as mentioned in paragraph 2A(3) of Schedule 3 to the principal Act; and for the purposes of subsection (6)(a) above,—
- (a) the proportion of methane, ethane or a combination of the two in any gas shall be determined at a temperature of 15[2B]dgC and at a pressure of one atmosphere; and
 - (b) any component other than methane, ethane or liquified petroleum gas shall be disregarded.

Marginal Citations

M85 1982 c. 39.

M86 1982 c. 39

M87 1975 c. 22.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

110 Attribution of certain receipts and expenditure between oil fields.

- (1) Section 8 of the ^{M88}Oil Taxation Act 1983 (qualifying assets) shall have effect, and be deemed always to have had effect, subject to the amendments in subsections (2) and (3) below.
- (2) In subsection (3) (which determines the oil field to which are attributable tariff receipts or disposal receipts referable to a qualifying asset) after the word “above”, both where it occurs in paragraph (c) and also in the words following paragraph (c), there shall be inserted “and subsection (3A) below”.
- (3) After subsection (3) there shall be inserted the following subsection—

“(3A) If development decisions were first made in relation to two or more oil fields on the same day, then, for the purposes of subsection (3)(c) above, it shall be conclusively presumed that the first of those decisions was made in relation to that one of those fields in connection with which it appeared—

 - (a) at the time of the decision, or
 - (b) if it is later, at the time the asset was acquired or brought into existence by the participator in question for use in connection with an oil field, that the participator in question would make the most use of the asset.”
- (4) Paragraph 6 of Schedule 1 to the Oil Taxation Act 1983 (attribution of allowable expenditure) shall have effect and be deemed always to have had effect with the addition of the following sub-paragraph—

“(3) Subsection (3A) of section 8 of this Act applies for the purposes of sub-paragraph (1) above as it applies for the purposes of subsection (3)(c) of that section.”

Marginal Citations

M88 1983 c. 56.

PART VII

MISCELLANEOUS AND SUPPLEMENTARY

[^{F70}111 Broadcasting: additional payments by programme contractors.

- (1) The ^{M89}Broadcasting Act 1981 shall have effect with respect to additional payments payable by programme contractors under that Act subject to the amendments made by Part I of Schedule 22 to this Act.
- (2) The transitional provisions made by Part II of that Schedule shall have effect.
- (3) This section shall be deemed to have come into force on 1st April 1986.]

Textual Amendments

F70 S. 111 repealed (*prosp.* as mentioned in S.I. 1990/2347, **art. 3(3)**) by Broadcasting Act 1990 (c.42, SIF 96), ss. 134, 203(3), 204(2), Sch. 12 Pt. II para. 1, **Sch. 21**

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.
Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

Marginal Citations

M89 1981 c. 68.

112 Limit for local loans.

In section 4(1) of the ^{M90}National Loans Act 1968 (which provides that the aggregate of any commitments of the Public Works Loan Commissioners in respect of undertakings to grant local loans and any amount outstanding in respect of the principal of such loans shall not exceed £28,000 million or such other sum not exceeding £35,000 million as the Treasury may specify by order) for the words “£28,000 million” and “£35,000 million” there shall be substituted respectively “£42,000 million” and “£50,000 million”.

Marginal Citations

M90 1968 c. 13.

113 “Securities” for purposes of Exchange Equalisation Account Act 1979.

—At the end of section 3 of the ^{M91}Exchange Equalisation Account Act 1979 (investment of the funds of the Exchange Equalisation Account) there shall be added the following subsection—

“(4) Without prejudice to the reference in subsection (1)(b) above to special drawing rights, the reference in subsection (3) above to currency of any country includes a reference to units of account defined by reference to more than one currency.”

Marginal Citations

M91 1979 c. 30.

114 Short title, interpretation, construction and repeals.

- (1) This Act may be cited as the Finance Act 1986.
- (2) In this Act “the Taxes Act” means the ^{M92}Income and Corporation Taxes Act 1970.
- (3) Part II of this Act, so far as it relates to income tax, shall be construed as one with the Income Tax Acts, so far as it relates to corporation tax, shall be construed as one with the Corporation Tax Acts and, so far as it relates to capital gains tax, shall be construed as one with the ^{M93}Capital Gains Tax Act 1979.
- (4) Part III of this Act shall be construed as one with the ^{M94}Stamp Act 1891.
- (5) Part V of this Act, other than section 100, shall be construed as one with the ^{M95}Capital Transfer Tax Act 1984.
- (6) The enactments and Orders specified in Schedule 23 to this Act are hereby repealed to the extent specified in the third column of that Schedule, but subject to any provision at the end of any Part of that Schedule.

Status: Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation: Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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)

Marginal Citations

M92 1970 c. 10.

M93 1979 c. 14.

M94 1891 c. 39.

M95 1984 c. 51.

Status:

Point in time view as at 27/07/1993. This version of this Act contains provisions that are not valid for this point in time.

Changes to legislation:

Finance Act 1986 is up to date with all changes known to be in force on or before 02 September 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.