



Finance Act 1986

1986 CHAPTER 41

PART III

STAMP DUTY

Loan capital, letters of allotment etc.

78 Loan capital.

^{F1}(1)

^{F1}(2)

^{F1}(3)

^{F1}(4)

^{F1}(5)

^{F1}(6)

(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;
- ^{F2}(d) any capital raised under arrangements [^{F3}to which section 564G of the Income Tax Act 2007][^{F4}or section 507 of the Corporation Tax Act 2009] (alternative finance investment bonds) [^{F5}applies].]

^{F1}(8)

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- (9) In this section “designated international organisation” means an international organisation designated for the purposes of section [F6324 of the Taxes Act 1988] by an order made under subsection (1) of that section.

F1(10)

F1(11)

F1(12)

F1(13)

F1(14)

Textual Amendments

- F1** S. 78(1)-(6)(8)(10)-(14) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. V(2) Notes 1, 2 of the amending Act) by 1999 c. 16, s. 139, **Sch. 20 Pt. V(2)**
- F2** S. 78(7)(d) inserted (with effect in accordance with s. 154(5) of the amending Act) by **Finance Act 2008 (c. 9), s. 154(2)**
- F3** Words in s. 78(7)(d) substituted (with effect in accordance with s. 381(1) of the amending Act) by **Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 8 para. 195(a)** (with Sch. 9 paras. 1-9, 22)
- F4** Words in s. 78(7)(d) inserted (with effect in accordance with s. 1329(1) of the amending Act) by **Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 323** (with Sch. 2 Pts. 1, 2)
- F5** Word in s. 78(7)(d) inserted (with effect in accordance with s. 381(1) of the amending Act) by **Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 8 para. 195(b)** (with Sch. 9 paras. 1-9, 22)
- F6** Words substituted by **Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 844, Sch. 29 para. 32**

79 Loan capital: new provisions.

F7(1)

- (2) Stamp duty under [F8Schedule 15 to the Finance Act 1999 (bearer instruments)] 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).

- (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

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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 [F⁹subsections (7) to (7B)] 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.

[F¹⁰(7A) Subsection (4) above shall not be prevented from applying to an instrument by virtue of subsection (6)(b) above by reason only that the loan capital concerned carries a right to interest which—

- (a) reduces in the event of the results of a business or part of a business improving, or the value of any property increasing, or
- (b) increases in the event of the results of a business or part of a business deteriorating, or the value of any property diminishing.]

[F¹¹(7B) Subsection (4) shall not be prevented from applying to a capital market instrument by virtue of subsection (6)(b) by reason only that the capital market investment concerned carries or has carried a right to interest which ceases or reduces if, or to the extent that, the issuer, after meeting or providing for other obligations specified in the capital market arrangement concerned, has insufficient funds available from that capital market arrangement to pay all or part of the interest otherwise due.]

[F¹²(8) Where stamp duty is chargeable under Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale) on an instrument which transfers loan capital, the rate at which duty is charged under that Part shall be 0.5% of the amount or value of the consideration for the sale to which the instrument gives effect.]

[F¹³(8A) In the application of this section to loan capital that falls within paragraph (d) of section 78(7) (alternative finance investment bonds)—

- (a) subsection (6) has effect as if—
 - (i) paragraph (a) were omitted, and
 - (ii) for paragraph (c) there were substituted—
 - “(c) a right at the end of the bond term (within the meaning of [F¹⁴section 564G(1) of the Income Tax Act 2007][F¹⁵or section 507(1) of the Corporation Tax Act 2009]) to a payment of an amount that exceeds the aggregate of—

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- (i) the amount paid for the issue of the bond, and
- (ii) the notional payment amount;

and for this purpose the “notional payment amount” means the amount of the payments that would represent a reasonable commercial return (within the meaning of [F14]section 564G(1) of the Income Tax Act 2007][F15]or section 507(1) of the Corporation Tax Act 2009]) on the bond over the bond term, less the amount of the payments actually made.”,

- (b) subsections (6)(b), (7), (7A), (7B) and (13) have effect as if references to interest were references to additional payments (“additional payments” having the same meaning as in [F16]section 564G of the Income Tax Act 2007][F17]or section 507 of the Corporation Tax Act 2009]), and
- (c) subsections (7B) and (13) also have effect as if—
 - (i) references to a capital market investment were references to the loan capital falling within paragraph (d) of section 78(7), and
 - (ii) references to a capital market arrangement were to the arrangements under which that loan capital is raised.]

F7(9)

F7(10)

F7(11)

- (12) Subsections (7), (9) F18 ... of section 78 above shall apply as if references to that section included references to this.

[F19(13) In this section—

“capital market instrument” means an instrument transferring a capital market investment issued as part of a capital market arrangement, and

“capital market investment” and “capital market arrangement” have the same meaning as in section 72B of the Insolvency Act 1986 (see paragraphs 1 to 3 of Schedule 2A to that Act).]

Textual Amendments

- F7 S. 79(1)(9)-(11) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. V(2) Notes 1, 2 of the amending Act) by [Finance Act 1999 \(c. 16\), s. 138, Sch. 20 Pt. V\(2\)](#)
- F8 Words in s. 79(2) substituted (with application as mentioned in s. 113(4) of the amending Act) by [Finance Act 1999 \(c. 16\), s. 113\(3\), Sch. 16 para. 5](#)
- F9 Words in s. 79(6) substituted (with effect in accordance with s. 101(5) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 101\(2\)](#)
- F10 S. 79(7A) inserted (with effect as mentioned in s. 133(2)(3) of the amending Act) by [Finance Act 2000 \(c. 17\), s. 133\(1\)](#)
- F11 S. 79(7B) inserted (with effect in accordance with s. 101(5) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 101\(3\)](#)
- F12 S. 79(8) substituted (with effect as mentioned in s. 112(6) of the amending Act) by [Finance Act 1999 \(c. 16\), s. 112\(4\), Sch. 14 para. 17](#) (with s. 122)
- F13 S. 79(8A) inserted (with effect in accordance with s. 154(5) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 154\(3\)](#)

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- F14** Words in s. 79(8A)(a)(ii) substituted (with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), **Sch. 8 para. 196(a)** (with Sch. 9 paras. 1-9, 22)
- F15** Words in s. 79(8A)(a)(ii) inserted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 324(a)** (with Sch. 2 Pts. 1, 2)
- F16** Words in s. 79(8A)(b) substituted (with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), **Sch. 8 para. 196(b)** (with Sch. 9 paras. 1-9, 22)
- F17** Words in s. 79(8A)(b) inserted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 324(b)** (with Sch. 2 Pts. 1, 2)
- F18** Words in s. 79(12) repealed (27.7.1999 with effect as mentioned in Sch. 20 Pt. V(2) Notes 1, 2 of the amending Act) by Finance Act 1999 (c. 16), s. 139, **Sch. 20 Pt. V(2)**
- F19** S. 79(13) inserted (with effect in accordance with s. 101(5) of the amending Act) by Finance Act 2008 (c. 9), s. **101(4)**

F20 80

Textual Amendments

- F20** 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.**

[^{F21}80A Sales to intermediaries.

- [^{F22}(1) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or the person's nominee if—
 - (a) the person is a member of a regulated market on which stock of that kind is regularly traded; and
 - (b) the person is an intermediary and is recognised as such by the market in accordance with arrangements approved by the Commissioners.
- (1A) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or the person's nominee if—
 - (a) the person is a member of a multilateral trading facility, or a recognised foreign exchange, on which stock of that kind is regularly traded;
 - (b) the person is an intermediary and is recognised as such by the facility or exchange in accordance with arrangements approved by the Commissioners; and
 - (c) the sale is effected on the facility or exchange.
- (1B) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or the person's nominee if—
 - (a) the person is an intermediary who is approved for the purposes of this section by the Commissioners; and
 - (b) stock of that kind is regularly traded on a regulated market.

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- (1C) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or the person's nominee if—
- (a) the person is an intermediary who is approved for the purposes of this section by the Commissioners;
 - (b) stock of that kind is regularly traded on a multilateral trading facility or a recognised foreign exchange; and
 - (c) the sale is effected on the facility or exchange.
- (2) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or the person's nominee if—
- (a) the person is a member of a regulated market, a multilateral trading facility or a recognised foreign options exchange;
 - (b) options to buy or sell stock of that kind are regularly traded on, and are listed by or quoted on, that market, facility or exchange;
 - (c) the person is an options intermediary and is recognised as such by that market, facility or exchange in accordance with arrangements approved by the Commissioners; and
 - (d) stock of that kind is regularly traded on a regulated market.
- (2A) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or the person's nominee if—
- (a) the person is a member of a regulated market, a multilateral trading facility or a recognised foreign options exchange;
 - (b) options to buy or sell stock of that kind are regularly traded on, and are listed by or quoted on, that market, facility or exchange;
 - (c) the person is an options intermediary and is recognised as such by that market, facility or exchange in accordance with arrangements approved by the Commissioners; and
 - (d) the sale is effected on a relevant qualifying exchange on which stock of that kind is regularly traded or is effected on a relevant qualifying exchange pursuant to the exercise of a relevant option and options to buy or sell stock of that kind are regularly traded on, and are listed by or quoted on, that exchange;
- and in paragraph (d) “relevant qualifying exchange” means a multilateral trading facility, a recognised foreign options exchange or a recognised foreign exchange.
- (2B) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or the person's nominee if—
- (a) the person is an options intermediary who is approved for the purposes of this section by the Commissioners;
 - (b) options to buy or sell stock of that kind are regularly traded on, and are listed by or quoted on, a regulated market, a multilateral trading facility or a recognised foreign options exchange; and
 - (c) stock of that kind is regularly traded on a regulated market.
- (2C) Stamp duty shall not be chargeable on an instrument transferring stock of a particular kind on sale to a person or the person's nominee if—
- (a) the person is an options intermediary who is approved for the purposes of this section by the Commissioners;
 - (b) options to buy or sell stock of that kind are regularly traded on, and are listed by or quoted on, a regulated market, a multilateral trading facility or a recognised foreign options exchange; and

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- (c) the sale is effected on a relevant qualifying exchange on which stock of that kind is regularly traded or is effected on a relevant qualifying exchange pursuant to the exercise of a relevant option and options to buy or sell stock of that kind are regularly traded on, and are listed by or quoted on, that exchange; and in paragraph (c) “relevant qualifying exchange” means a multilateral trading facility, a recognised foreign options exchange or a recognised foreign exchange.]
- (4) For the purposes of this section—
- (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 [^{F23}a facility or] an exchange for the purposes of [^{F24}this section] if (and only if)—
- (a) it is subject to the rules of [^{F25}the facility or exchange]; and
- (b) it is reported to [^{F25}the facility or exchange] in accordance with the rules of [^{F25}the facility or exchange].
- [The Commissioners may approve a person for the purposes of this section only if the
- ^{F26}(6A) person is authorised under the law of an EEA State to provide any of the investment services or activities listed in Section A 2 or 3 of Annex I to the Directive (execution of orders on behalf of clients and dealing on own account), whether or not the person is authorised under the Directive.]
- (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 ^{M1}Stamp Act 1891, the stamp may be a stamp of such kind as the Commissioners may prescribe.]

Textual Amendments

F21 S. 80A inserted (20.10.1997) by 1997 c. 16, s. 97(1)(4); S.I. 1997/2428, art. 2

F22 S. 80A(1)-(2C) substituted for s. 80A(1)-(3) (with effect in accordance with Sch. 21 para. 1(5) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 1(2)

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- F23** Words in s. 80A(6) inserted (with effect in accordance with Sch. 21 para. 1(5) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 1(3)(a)**
- F24** Words in s. 80A(6) substituted (with effect in accordance with Sch. 21 para. 1(5) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 1(3)(b)**
- F25** Words in s. 80A(6) substituted (with effect in accordance with Sch. 21 para. 1(5) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 1(3)(c)**
- F26** S. 80A(6A) inserted (with effect in accordance with Sch. 21 para. 1(5) of the amending Act) by Finance Act 2007 (c. 11), **Sch. 21 para. 1(4)**

Modifications etc. (not altering text)

- C1** S. 80A extended (12.10.2004) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2004 (S.I. 2004/2421), art. 1, **reg. 2**
- C2** S. 80A: power to extend conferred (20.7.2005) by Finance (No. 2) Act 2005 (c. 22), **s. 50(1)-(4)**
- C3** S. 80A extended (with modifications) (11.8.2005) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2005 (S.I. 2005/1990), regs. 1, **2-7**
- C4** S. 80A extended (16.2.2006) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2006 (S.I. 2006/139), regs. 1, **2(1)**
- C5** S. 80A: power to extend conferred (24.7.2002) by 2002 c. 23, **s. 117(2)**
- C6** S. 80A extended (26.7.2002) by S.I. 2002/1975, **reg. 2**

Marginal Citations

- M1** 1891 c. 39.

[^{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 [^{F28}section 1122 of the Corporation Tax Act 2010].

^{F29}(2) In section 80A above and this section—

“collective investment scheme” has the meaning given in section 75 of the ^{M2}Financial Services Act 1986;

[^{F30}“the Directive” means Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, as amended from time to time;]

^{F31} ...

“EEA State” [^{F32}, in relation to any time, means a State which at that time is a member State or any other State which at that time] 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 [^{F33}(as modified or supplemented from time to time)];

“insurance business” means long term business or general business as defined in section 1 of the ^{M3}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.

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- [Each of the following expressions—
- ^{F34}(2A) “multilateral trading facility”, and
“regulated market”,
has the same meaning in section 80A above as it has for the purposes of the Directive.]
- (3) In section 80A above “recognised foreign exchange” means a market which—
- (a) is not in an EEA State; and
 - (b) 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—
- (a) is not in an EEA State; and
 - (b) is specified in regulations made by the Treasury under this subsection.
- (5) In section 80A above “the exercise of a relevant option” means—
- (a) the exercise by the options intermediary concerned of an option to buy stock;
or
 - (b) the exercise of an option binding the options intermediary concerned to buy stock.
- [The Treasury may by regulations amend section 80A above and this section (as they
- ^{F35}(5A) have effect for the time being) in order to extend the exemption from duty under that section.]
- (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—
- (a) an instrument falls within [^{F36}any of subsections (1) to (2C)] of section 80A above, and
 - (b) 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.]

Textual Amendments

- F27** S. 80B inserted (20.10.1997) by 1997 c. 16, s. 97(1)(4); S.I. 1997/2428, art. 2
- F28** Words in s. 80B(1) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 1 para. 197 (with Sch. 2)
- F29** Words in s. 80B(2) substituted (1.4.2007 for specified purposes, 1.11.2007 in so far as not already in force) by The Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2007 (S.I. 2007/126), reg. 1(2), Sch. 6 para. 8(2)

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- F30** Words in s. 80B(2) inserted (19.7.2007) by Finance Act 2007 (c. 11), Sch. 21 para. 2(2)(a)
- F31** Words in s. 80B(2) repealed (with effect in accordance with Sch. 21 para. 2(6) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 2(2)(b), Sch. 27 Pt. 4(2)
- F32** Words in s. 80B(2) substituted (19.7.2007) by Finance Act 2007 (c. 11), Sch. 21 para. 2(2)(c)
- F33** Words in s. 80B(2) inserted (19.7.2007) by Finance Act 2007 (c. 11), Sch. 21 para. 2(2)(c)
- F34** S. 80B(2A) inserted (with effect in accordance with Sch. 21 para. 2(6) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 2(3)
- F35** S. 80B(5A) inserted (with effect in accordance with Sch. 21 para. 2(6) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 2(4)
- F36** Words in s. 80B(7) substituted (with effect in accordance with Sch. 21 para. 2(6) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 2(5)

Marginal Citations

- M2** 1986 c. 60.
M3 1982 c. 50.

[^{F37}80C Repurchases and stock lending.

- (1) This section applies where a person (A) has entered into an arrangement with another person (B) under which—
- B is to transfer stock of a particular kind to A or his nominee, and
 - 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 [^{F38} (2A) or] (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.

[The conditions in this subsection are—

- ^{F39}(2A) (a) that A or B is authorised under the law of an EEA State to provide any of the investment services or activities listed in Section A 2 or 3 of Annex I to the Directive (execution of orders on behalf of clients and dealing on own account) in relation to stock of the kind concerned, whether or not A or B is authorised under the Directive; and
- that stock of the kind concerned is regularly traded on a regulated market.]
- (3) The conditions [^{F40}in this subsection] are—
- that the arrangement is effected on [^{F41}a regulated market, a multilateral trading facility] or a recognised foreign exchange; and
 - that stock of the kind concerned is regularly traded on that [^{F42}market, facility or] exchange.
- (4) An arrangement does not fall within subsection (1) above if—
- the arrangement is not such as would be entered into by persons dealing with each other at arm's length; or
 - 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

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in section 122(1) of the ^{M4}Stamp Act 1891, the stamp may be a stamp of such kind as the Commissioners may prescribe.

(6) An arrangement is effected on [^{F43}a market, a facility or] an exchange for the purposes of subsection (3) above if (and only if)—

- (a) it is subject to the rules of [^{F44}the market, facility or exchange]; and
- (b) it is reported to [^{F44}the market, facility or exchange] in accordance with the rules of [^{F44}the market, facility or exchange].

(7) In this section—

[^{F45}“the Directive” has the meaning given in section 80B(2) above;]

[^{F45}“EEA State” has the meaning given in section 80B(2) above;]

^{F46}
...

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

[Each of the following expressions—

^{F47}(7A) “multilateral trading facility”, and
“regulated market”,

has the same meaning in this section as it has for the purposes of the Directive.]

(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

F37 S. 80C inserted (20.10.1997) by 1997 c. 16, s. 98(1)(3); S.I. 1997/2428, art. 2

F38 Words in s. 80C(1) inserted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 5(2)

F39 S. 80C(2A) inserted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 5(3)

F40 Words in s. 80C(3) inserted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 5(4)(a)

F41 Words in s. 80C(3) substituted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 5(4)(b)

F42 Words in s. 80C(3) inserted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 5(4)(c)

F43 Words in s. 80C(6) inserted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 5(5)(a)

F44 Words in s. 80C(6) substituted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 5(5)(b)

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- F45** Words in s. 80C(7) inserted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 21 para. 5\(6\)\(a\)](#)
- F46** Words in s. 80C(7) repealed (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 21 para. 5\(6\)\(b\)](#), [Sch. 27 Pt. 4\(2\)](#)
- F47** S. 80C(7A) inserted (with effect in accordance with Sch. 21 para. 5(8) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 21 para. 5\(7\)](#)

Modifications etc. (not altering text)

- C7** S. 80C extended (12.10.2004) by [The Stamp Duty and Stamp Duty Reserve Tax \(Extension of Exceptions relating to Recognised Exchanges\) Regulations 2004 \(S.I. 2004/2421\)](#), art. 1, [reg. 2](#)
- C8** S. 80C: power to extend conferred (20.7.2005) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [s. 50\(1\)-\(4\)](#)
- C9** S. 80C extended (with modifications) (11.8.2005) by [The Stamp Duty and Stamp Duty Reserve Tax \(Extension of Exceptions relating to Recognised Exchanges\) Regulations 2005 \(S.I. 2005/1990\)](#), regs. 1, [2-7](#)
- C10** S. 80C extended (16.2.2006) by [The Stamp Duty and Stamp Duty Reserve Tax \(Extension of Exceptions relating to Recognised Exchanges\) Regulations 2006 \(S.I. 2006/139\)](#), regs. 1, [2\(1\)](#)
- C11** S. 80C: power to extend conferred (24.7.2002) by [2002 c. 23](#), [s. 117\(2\)](#)
- C12** S. 80C extended (26.7.2002) by [S.I. 2002/1975](#), [art. 2](#)

Marginal Citations

- M4** [1891 c. 39](#).

[^{F48}80D Repurchases and stock lending: replacement stock on insolvency

- (1) This section applies where—
- (a) A and B have entered into an arrangement falling within section 80C(1),
 - (b) the conditions in subsection (2A) or (3) of that section are met,
 - (c) stock is transferred to A or A's nominee, and
 - (d) the conditions in subsection (2) below are met.
- (2) The conditions in this subsection are that—
- (a) A and B are not connected persons within the meaning of [^{F49}section 1122 of the Corporation Tax Act 2010],
 - (b) after B has transferred stock under the arrangement, A or B becomes insolvent,
 - (c) it becomes apparent (whether before or after the insolvency occurs) that, as a result of the insolvency, stock will not be transferred to B or B's nominee in accordance with the arrangement,
 - (d) the party who does not become insolvent (“the solvent party”) or the solvent party's nominee acquires replacement stock, and
 - (e) the replacement stock is acquired before the end of the period of 30 days beginning with the day on which the insolvency occurs (“the insolvency date”).
- (3) Where collateral is provided under the arrangement (or under arrangements of which that arrangement forms part), stamp duty is not chargeable on any instrument transferring to the solvent party or the solvent party's nominee—
- (a) replacement stock acquired using the collateral (whether directly or indirectly), or
 - (b) where the solvent party uses the whole of the value of the collateral to acquire replacement stock, any further replacement stock.

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- (4) Where no collateral is provided as mentioned in subsection (3), stamp duty is not chargeable on any instrument transferring replacement stock to the solvent party or the solvent party's nominee.
- (5) Subsections (3) and (4) may apply as regards more than one instrument (and where those subsections apply as regards more than one instrument, the instruments may be executed by different persons).
- (6) But those subsections apply only as regards replacement stock up to the amount of stock which will not be transferred as a result of the insolvency.
- (7) An instrument on which stamp duty is not chargeable by virtue only of subsection (3) or (4) is not to be deemed to be duly stamped unless it has been stamped with a stamp denoting that it is not chargeable with any duty.
- (8) Despite section 122(1) of the Stamp Act 1891, the stamp mentioned in subsection (7) may be a stamp of such kind as the Commissioners for Her Majesty's Revenue and Customs may prescribe.
- (9) For the purposes of this section a person becomes insolvent—
 - (a) if a company voluntary arrangement takes effect under Part 1 of the Insolvency Act 1986,
 - (b) if an administration application (within the meaning of Schedule B1 to that Act) is made or a receiver or manager, or an administrative receiver, is appointed,
 - (c) on the commencement of a creditor's voluntary winding up (within the meaning of Part 4 of that Act) or a winding up by the court under Chapter 6 of that Part,
 - (d) if an individual voluntary arrangement takes effect under Part 8 of that Act,
 - (e) on the presentation of a bankruptcy petition (within the meaning of Part 9 of that Act),
 - (f) if a compromise or arrangement takes effect under Part 26 of the Companies Act 2006,
 - (g) if a bank insolvency order takes effect under Part 2 of the Banking Act 2009,
 - (h) if a bank administration order takes effect under Part 3 of that Act,^{F50} ...
 - ^{F51}(ha) [if a special administration order takes effect under the Investment Bank Special Administration Regulations 2011, or]
 - (i) on the occurrence of any corresponding event which has effect under or as a result of the law of Scotland or Northern Ireland or a country or territory outside the United Kingdom.

- (10) In this section—

“collateral” means an amount of money or other property which is payable to, or made available for the benefit of, a party to an arrangement or that party's nominee for the purpose of securing the discharge of the requirement to transfer stock to that party or the nominee;

“replacement stock”, in the event of a party to an arrangement becoming insolvent, is stock of the same kind as the stock which will not be transferred to the other party or that party's nominee as a result of the insolvency.]

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Textual Amendments

- F48** S. 80D inserted (with effect in accordance with s. 83(2)(3) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 37 para. 2](#)
- F49** Words in s. 80D(2)(a) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 198](#) (with [Sch. 2](#))
- F50** Word in s. 80D(9)(h) omitted (8.2.2011) by virtue of [The Investment Bank Special Administration Regulations 2011 \(S.I. 2011/245\)](#), reg. 1, [Sch. 6 para. 9\(2\)](#) (with reg. 27(a))
- F51** S. 80D(9)(ha) inserted (8.2.2011) by [The Investment Bank Special Administration Regulations 2011 \(S.I. 2011/245\)](#), reg. 1, [Sch. 6 para. 9\(2\)](#) (with reg. 27(a))

^{F52}**81**

Textual Amendments

- F52** 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.](#)

^{F53}**82**

Textual Amendments

- F53** 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.](#)

^{F54}**83**

Textual Amendments

- F54** 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.](#)

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F55 84 Miscellaneous exemptions

- (1) In section 127(1) of the Finance Act 1976 ^{M5}(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 ^{M6}, 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

F55 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.**

Marginal Citations

M5 1976 c. 40.
M6 1970 c. 24.

85 Supplementary

- (1) Section 42(1) of the Finance Act 1920 ^{M7}(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);

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- (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 ^{M8} and section 4 of the Finance Act (Northern Ireland) 1961 ^{M9} (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 ^{M10} (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 [^{F56}given by section 285(1)(a) of the Financial Services and Markets Act 2000],
 - (c) references to a recognised clearing house are to a recognised clearing house within the meaning [^{F57}given by section 285(1)(b) of the Financial Services and Markets Act 2000], and
 - (d) “stock” includes marketable security.

Textual Amendments

- F56** Words in s. 85(5)(b) substituted (with effect as mentioned in art. 8(4) of the amending S.I.) by [S.I. 2001/3629, art. 8\(2\)](#)
- F57** Words in s. 85(5)(c) substituted (with effect as mentioned in art. 8(4) of the amending S.I.) by [S.I. 2001/3629, art. 8\(3\)](#)

Marginal Citations

- M7** 1920 c. 18.
- M8** 1961 c. 36.
- M9** 1961 c. 10 (N. I.).
- M10** 1976 c. 40.

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Changes to legislation:

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