



Finance Act 1986

1986 CHAPTER 41

PART IV

STAMP DUTY RESERVE TAX

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.
- (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.

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(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.

[^{F1}(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 ^{M1} 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

F1 S. 87(7A)(7B) inserted by Finance Act 1987 (c. 16) ss. 110, 132, {Sch. 19 Pt. VII}

Marginal Citations

M1 1891 c. 39.

88 Section 87: special cases

- (1) An instrument on which stamp duty is not chargeable by virtue of —
- (a) section 127(1) of the Finance Act 1976 ^{M2} (transfer to stock exchange nominee), or
 - (b) 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 —
- (a) is exempt from stamp duty under that heading by virtue of exemption 3 in that heading, or
 - (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) [^{F2} 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).

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Textual Amendments

- F2** 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

- M2** 1976 c. 40.

VALID FROM 20/10/1997

[^{F3}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
 - (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;

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- (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

- F3** 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)

- C1** S. 88A: power to extend (with modifications) conferred (24.7.2002) by [Finance Act 2002 \(c. 23\)](#), [s. 117](#)
- C2** S. 88A extended (26.7.2002) by [S.I. 2002/1975](#), [art. 2](#)

VALID FROM 20/10/1997

^{F4}**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 ^{M3}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 ^{M4}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 ^{M5}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;

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“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 ^{M6}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

- F4** 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

- M3** 1988 c. 1.
M4 1986 c. 60.
M5 1982 c. 50.
M6 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.

[^{F5}(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.]

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- (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.
- [^{F6}(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
 - (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.

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- (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

- F5** 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)
- F6** S. 89(3) substituted (1.1.1993) by S. I. 1992/3286, reg. 3

[^{F7}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,
 - (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,

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- (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

F7 S. 89A inserted by [Finance \(No. 2\) Act 1987 \(c. 51\), s. 100\(1\)](#)

VALID FROM 20/10/1997

[^{F8}89AA 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,
- 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

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- (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

- F8** 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](#)

Modifications etc. (not altering text)

- C3** S. 89AA: power to extend conferred (24.7.2002) by [Finance Act 2002 \(c. 23\)](#), [s. 117](#)
- C4** S. 89AA extended (26.7.2002) by S.I. 2002/1975, [art. 2](#)
- C5** S. 89AA modified (1.1.1999) by S.I. 1998/3177, [arts. 26\(2\)](#), [28\(2\)](#), [30\(2\)](#)

VALID FROM 29/04/1996

[^{F9}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

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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,

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.

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- (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

- F9** 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 ^{F10};
 - (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.
- ^{F11}(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.
- (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 ^{M7}.]
- ^{F12}(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

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- (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

F10 1891 c. 39.

F11 S. 90(5)(6) substituted for s. 90(5) (retrospectively) by [Finance Act 1987 \(c. 16\)](#), s. 56, [Sch. 7 para. 5](#)

F12 S. 90(5)(6) added (retrospectively) by [Finance Act 1987 \(c. 16\)](#), s. 56, [Sch. 7 para. 6](#)

Marginal Citations

M7 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) ^{F13}

Textual Amendments

F13 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 [^{F14}rate applicable under section 178 of the Finance Act 1989] from the time it was paid.
- (3) To the extent that the tax charged has not been paid, the charge shall be cancelled by virtue of this subsection.
- (4) ^{F15}
- [^{F16}(4A) Interest paid under subsection (2) above shall not constitute income for any tax purposes.]
- (5) ^{F17}

Textual Amendments

F14 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)

Status: Point in time view as at 01/01/1993. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 1986, Cross Heading: The principal charge. (See end of Document for details)*

F15 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**

F16 S. 92(4A) inserted (retrospectively) by [Finance Act 1987 \(c. 16\)](#), s. 56, **Sch. 7 para. 7**

F17 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)

C6 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

Status:

Point in time view as at 01/01/1993. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1986, Cross Heading: The principal charge.