



Finance Act 1986

1986 CHAPTER 41

PART IV

STAMP DUTY RESERVE TAX

The principal charge

[^{F1}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
 - (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.

Status: Point in time view as at 11/08/2005. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1986, Section 89AA. (See end of Document for details)

- (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

- F1** 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)

- C1** S. 89AA 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. 89AA: power to extend conferred (20.7.2005) by [Finance \(No. 2\) Act 2005 \(c. 22\), s. 50\(1\)-\(4\)](#)
- C3** S. 89AA 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. 89AA: power to extend conferred (24.7.2002) by [Finance Act 2002 \(c. 23\), s. 117](#)
- C5** S. 89AA extended (26.7.2002) by [S.I. 2002/1975, art. 2](#)
- C6** S. 89AA modified (1.1.1999) by [S.I. 1998/3177, arts. 26\(2\), 28\(2\), 30\(2\)](#)

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