



Finance Act 1991

1991 CHAPTER 31

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Securities

54 New issues.

Schedule 12 to this Act (which contains provisions about securities issued after an issue of securities of the same kind) shall have effect.

55 Purchase and sale of securities: options.

(1) In section 731 of the Taxes Act 1988 (scope of bondwashing provisions) the following subsections shall be inserted after subsection (4)—

“(4A) For the purposes of subsection (3) above, where a purchase or sale is effected as a direct result of the exercise of a qualifying option, it shall be treated as effected at the current market price if the terms under which the first buyer acquired the option, or, as the case may be, became subject to it, were arm’s length terms.

(4B) For the purposes of subsection (4A) above an option is a “qualifying option if it would be a traded option or financial option as defined in subsection (9) of section 137 of the 1979 Act were the reference in paragraph (b) of that subsection to the time of the abandonment or other disposal a reference to the time of exercise.

Status: Point in time view as at 06/04/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1991, Cross Heading: Securities. (See end of Document for details)

- (4C) In subsection (4A) above the reference to arm’s length terms is to terms—
 - (a) agreed between persons dealing at arm’s length, or
 - (b) not so agreed, but nonetheless such as might reasonably be expected to have been agreed between persons so dealing.”

- (2) This section shall apply where the subsequent sale by the first buyer takes place on or after the day on which this Act is passed.

F1 56

Textual Amendments

F1 S. 56 repealed (with effect where, for the purposes of 1988 c. 1, s. 731(2), the interest receivable by the first buyer is paid on or after 2.7.1997) by Finance (No. 2) Act 1997 (c. 58), ss. 26, 52, Sch. 8 Pt. II Note; and s. 56, in so far as it is still in force, repealed (with effect in relation to cases where the purchase by the first buyer (within the meaning of 1988 c. 1, s. 731(2)) is made on or after 1.4.2008) by Finance Act 2008 (c. 9), s. 66(4)(c)(6)-(8)

F2 57

Textual Amendments

F2 S. 57 repealed (19.3.1997 with effect in relation to, and to transfers under, any arrangement made on or after 1.7.1997) by 1997 c. 16, ss. 76, 113, Sch. 10 Pt. I para. 7(1), Sch. 18 Pt. VI(10) Note 1; S.I. 1997/991, art. 2

58 Manufactured dividends and interest.

- (1) After section 736 of the Taxes Act 1988 there shall be inserted—

“736A Manufactured dividends and interest.

Schedule 23A to this Act shall have effect in relation to certain cases where under a contract or other arrangements for the transfer of shares or other securities a person is required to pay to the other party an amount representative of a dividend or payment of interest on the securities.”

- (2) The enactments mentioned in Schedule 13 to this Act shall have effect with the amendments there specified.
- (3) This section shall have effect in relation to payments made on or after such day as the Treasury may specify for this purpose by regulations made by statutory instrument and different days may be so appointed for different provisions or different purposes.

Subordinate Legislation Made

P1 S. 58(3) power partly exercised (4.2.1992): 26.2.1992 appointed day for specified provisions and purposes by S.I. 1992/173

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S. 58(3) power partly exercised (5.6.1992): 30.6.1992 appointed day for specified provisions and purposes by [S.I. 1992/1346](#)

S. 58(3) power partly exercised (21.4.1993): 22.4.1993 appointed day for specified provisions and purposes by [S.I. 1993/933](#).

Commencement Information

II [S. 58](#): s. 58 came into force at Royal Assent (25.7.1991) with effect as mentioned in s. 58(3) in relation to payments made on or after such day or days as the Treasury may specify:

26.2.1992 appointed for specified provisions and purposes by [S.I. 1992/173](#), [reg. 2](#).

30.6.1992 appointed for specified provisions and purposes by [S.I. 1992/1346](#), [regs. 2-4](#).

22.4.1993 appointed for specified provisions and purposes by [S.I. 1993/933](#), [regs. 2-4](#).

Status:

Point in time view as at 06/04/2007.

Changes to legislation:

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