

*Status: Point in time view as at 29/04/1996.*

*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 1992, SCHEDULE 8. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 8 U.K.

Section 34.

#### RIGHTS IN PURSUANCE OF DEPOSITS

##### *Disposal or exercise of rights*

- 1 The following section shall be inserted after section 56 of the Taxes Act 1988 (transactions in deposits etc.)—

**“56A Disposal or exercise of rights in pursuance of deposits.**

- (1) This section applies where there is an arrangement under which—
- (a) there is a right to receive an amount (with or without interest) in pursuance of a deposit of money,
  - (b) when the right comes into existence there is no certificate of deposit in respect of the right, and
  - (c) the person for the time being entitled to the right is entitled to call for the issue of a certificate of deposit in respect of the right.
- (2) In such a case—
- (a) the right shall be treated as not falling within section 56(1)(b), and
  - (b) if there is a disposal or exercise of the right before such time (if any) as a certificate of deposit is issued in respect of it, section 56(2) shall apply to it by virtue of this paragraph.
- (3) In the application of section 56 by virtue of this section—
- (a) subsection (2) shall have effect as if the words from “(whether” to “person)” read “(whether by the person originally entitled to the right or by some other person)”, and
  - (b) subsection (3) shall have effect as if the words “stated in a certificate of deposit” read “under an arrangement”.
- (4) In this section “certificate of deposit” has the meaning given by section 56(5).”

##### *Building societies*

- 2 (1) Section 349 of that Act (payments not out of taxed profits etc.) shall be amended as follows.
- (2) In subsection (3A) (dividend or interest paid in respect of building society security) in paragraph (a) after “qualifying certificate of deposit” there shall be inserted “ and other than a qualifying deposit right ”.
- (3) In subsection (4) the following definition shall be inserted after the definition of “qualifying certificate of deposit”—

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““qualifying deposit right” means a right to receive an amount (with or without interest) in pursuance of a deposit of money, where—

- (a) the right subsists under an arrangement falling within section 56A,
- (b) no certificate of deposit, as defined in section 56(5), has been issued in respect of the right at the time the dividend or interest concerned is paid, and
- (c) the conditions set out in paragraphs (a) and (b) in the definition of “qualifying certificate of deposit” apply; and”.

3 (1) Section 477A of that Act (regulations for deduction of tax) shall be amended as follows.

(2) In subsections (1A) and (3A) (quoted securities) after “qualifying certificate of deposit” there shall be inserted “ and other than a qualifying deposit right ”.

(3) In subsection (10) after “and” there shall be inserted—

““qualifying deposit right” has the meaning given by section 349(4), reading “paid” as “paid or credited”, and”.

#### *Deposit-takers*

4 In section 481 of that Act (definition of relevant deposit etc.) the following subsection shall be inserted after subsection (5)—

“(5A) In a case where—

- (a) there is an arrangement falling within section 56A,
- (b) the deposit is with a deposit-taker,
- (c) no certificate of deposit, as defined in section 56(5), has been issued in respect of the right at the time the interest mentioned in section 480A or 480C is paid, and
- (d) the conditions set out in paragraphs (a) and (b) in the definition of “qualifying certificate of deposit” in section 482(6) apply,

the deposit is not a relevant deposit.”

#### *Accrued income scheme*

5 In section 710 of that Act (definitions for purposes of accrued income scheme) in subsection (3) (securities not to include certain items) the following paragraph shall be inserted after paragraph (d)—

“(da) any security which fulfils the following conditions, namely, it is a right to receive an amount (with or without interest) in pursuance of a deposit of money, it subsists under an arrangement falling within section 56A, and no certificate of deposit (as defined in section 56(5)) has been issued in respect of it at the time of the transfer concerned;”.

#### *General*

6 This Schedule shall apply in relation to arrangements made after the day on which this Act is passed.

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