

Status: Point in time view as at 27/07/1999.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Cross Heading: Deep gain securities. (See end of Document for details)

SCHEDULES

SCHEDULE 15

LOAN RELATIONSHIPS: SAVINGS AND TRANSITIONAL PROVISIONS

PART I

CORPORATION TAX

Deep gain securities

- 20 (1) This Chapter shall not affect the application of paragraph 5 of Schedule 11 to the ^{M1}Finance Act 1989 (charge on deep gain securities) in relation to any transfer or redemption occurring before 1st April 1996.
- (2) The repeal by this Act of section 65 of the ^{M2}Finance Act 1993 (deemed transfers in the case of deep gain securities) and of enactments relating to that section shall not apply in relation to relevant days falling before 1st April 1996; but for the purposes of that section and this sub-paragraph 31st March 1996 shall be deemed (where it would not otherwise be so) to be the last day of an accounting period.
- [^{F1}(2A) Any income that is treated as arising on the day mentioned in subsection (5) of that section, as it applies by virtue of sub-paragraph (2) above, shall be brought into account as a non-trading credit given for the purposes of this Chapter for the accounting period in which that day falls.]
- (3) Where—
- a company held a deep gain security on 31st March 1996,
 - the security was not transferred or redeemed by that company on that date,
 - the security is not one in relation to which that date is, or is deemed to be, a relevant day for the purposes of section 65 of the Finance Act 1993, and
 - there is an amount which, if the company had made a transfer of that security on that date by selling it for its adjusted closing value, would have been treated under paragraph 5 of Schedule 11 to the Finance Act 1989 as income chargeable to tax under Case III or IV of Schedule D,
- that amount shall be brought into account as a non-trading credit given for the purposes of this Chapter for the accounting period mentioned in sub-paragraph (4) below.
- (4) That period is the accounting period in which falls whichever is the earliest of the following, that is to say—
- the earliest day after 31st March 1996 on which, under the terms on which the security was issued, the company holding the security is entitled to require it to be redeemed;
 - the day on which the security is redeemed; and

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- (c) the day on which the company makes a disposal of that security.
- (5) For the purposes of this paragraph the adjusted closing value of a deep gain security held by a company on 31st March 1996 shall be the amount which for the purposes of this Chapter is the opening value as at 1st April 1996 of the company's rights and liabilities under the relationship represented by that security; and sub-paragraph (7) of paragraph 5 above shall apply for the purposes of this sub-paragraph as it applies for the purposes of that paragraph.
- (6) In this paragraph "deep gain security" and "transfer" have the same meanings as in Schedule 11 to the ^{M3}Finance Act 1989.

Textual Amendments

- F1** Sch. 15 para. 20(2A) inserted (27.7.1999 with effect as mentioned in s. 67(6) of the amending Act) by 1999 c. 16, s. 67(2)
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Marginal Citations

- M1** 1989 c. 26.
M2 1993 c. 34.
M3 1989 c. 26.

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