



Finance Act 1996

1996 CHAPTER 8

PART IV

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER VI

MISCELLANEOUS PROVISIONS

Investments

154 FOTRA securities.

- (1) The modifications which, under section 60 of the ^{M1}Finance Act 1940, may be made for the purposes of any issue of securities to the conditions about tax exemption specified in section 22 of the ^{M2}Finance (No. 2) Act 1931 shall include a modification by virtue of which the tax exemption contained in any condition of the issue applies, as respects capital, irrespective of where the person with the beneficial ownership of the securities is domiciled.
- (2) Subject to subsections (3) to (5) below, nothing in the Tax Acts shall impose any charge to tax on any person in respect of so much of any profits or gains arising from a FOTRA security, or from any loan relationship represented by a FOTRA security, as is expressed to be exempt from tax in the tax exemption condition applying to that security.
- (3) Exemption from tax shall not be conferred by virtue of subsection (2) above in relation to any security unless the requirements imposed as respects that exemption by the conditions with which the security is issued (including any requirement as to the making of a claim) are complied with.
- (4) The tax exemption condition of a FOTRA security shall not be taken to confer any exemption from any charge to tax imposed by virtue of the provisions of Chapter IA of

Status: Point in time view as at 29/04/1996. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996, Section 154. (See end of Document for details)

Part XV or Chapter III of Part XVII of the Taxes Act 1988 (anti-avoidance provisions for residents etc.)

- (5) Nothing in this section shall entitle any person to any repayment of tax which he has not claimed within the time limit which would be applicable under the Tax Acts (apart from this section) to a claim for the repayment of that tax.
- (6) A person with the beneficial ownership of a FOTRA security who would, by virtue of this section, be exempt from tax in respect of some or all of the profits and gains arising from that security, or from any loan relationship represented by it, shall not be entitled for the purposes of income tax or corporation tax to bring into account any amount—
- (a) in respect of changes in the value of that security;
 - (b) as expenses or disbursements incurred in, or in connection with, the holding of the security or any transaction relating to the security; or
 - (c) as a debit given, in respect of any loan relationship represented by that security, by any provision of Chapter II of this Part of this Act in respect of such a relationship.
- (7) Schedule 28 to this Act (which contains amendments consequential on the provisions of this section) shall have effect.
- (8) References in this section to a FOTRA security are references to—
- (a) any security issued with such a condition about exemption from taxation as is authorised in relation to its issue by virtue of section 22 of the ^{M3}Finance (No. 2) Act 1931; or
 - (b) any 3½% War Loan 1952 Or After which was issued with a condition authorised by virtue of section 47 of the ^{M4}Finance (No. 2) Act 1915;
- and references, in relation to such a security, to the tax exemption condition shall be construed accordingly.
- (9) This section and Schedule 28 to this Act shall have effect—
- (a) for the purposes of income tax, for the year 1996-97 and subsequent years of assessment; and
 - (b) for the purposes of corporation tax, for accounting periods ending after 31st March 1996.

Marginal Citations

- M1** 1940 c. 29.
M2 1931 c. 49.
M3 1931 c. 49.
M4 1915 c. 89.

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