



# Finance Act 1997

## 1997 CHAPTER 16

### PART VII

#### STAMP DUTY AND STAMP DUTY RESERVE TAX

##### *Stamp duty*

#### **96 Demutualisation of insurance companies.**

- (1) This section applies where there is a relevant transfer, under a scheme, of the whole or any part of the business carried on by a mutual insurance company (“the mutual”) to a company which has share capital (“the acquiring company”).
- (2) Stamp duty shall not be chargeable on an instrument executed for the purposes of or in connection with the transfer if the requirements of subsections (3) and (4) below are satisfied in relation to the shares of a company (“the issuing company”) which is either—
  - (a) the acquiring company; or
  - (b) a company of which the acquiring company is a wholly-owned subsidiary.
- (3) Shares in the issuing company must be offered, under the scheme, to at least 90 per cent. of the persons who immediately before the transfer are members of the mutual.
- (4) Under the scheme, all the shares in the issuing company which will be in issue immediately after the transfer has been made, other than shares which are to be or have been issued pursuant to an offer to the public, must be offered to the persons who (at the time of the offer) are—
  - (a) members of the mutual;
  - (b) persons who are entitled to become members of the mutual; or
  - (c) employees, former employees or pensioners of the mutual or of a company which is a wholly-owned subsidiary of the mutual.
- (5) An instrument on which stamp duty is not chargeable by virtue only of subsection (2) above shall not be taken to be duly stamped unless it is stamped with the duty to which

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*Status: Point in time view as at 19/03/1997. This version of this provision has been superseded.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1997, Section 96. (See end of Document for details)*

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it would be liable but for that subsection or it has, in accordance with section 12 of the <sup>M1</sup>Stamp Act 1891, been stamped with a particular stamp denoting that it is not chargeable with any duty.

- (6) For the purposes of this section, a company is a wholly-owned subsidiary of another person (“the parent”) if it has no members except the parent and the parent’s wholly-owned subsidiaries or persons acting on behalf of the parent or its wholly-owned subsidiaries.
- (7) In this section “relevant transfer” means—
- (a) a transfer to which Schedule 2C to the <sup>M2</sup>Insurance Companies Act 1982 (transfers of insurance business) applies; or
  - (b) a transfer to which that Schedule would apply but for section 15(1A) of that Act (provisions of Part II of that Act which do not apply to EC companies in certain circumstances).
- (8) In this section—
- “employee”, in relation to a mutual insurance company or its wholly-owned subsidiary, includes any officer or director of the company or subsidiary and any other person taking part in the management of the affairs of the company or subsidiary;
- “insurance company” has the meaning given in section 96 of the Insurance Companies Act 1982;
- “mutual insurance company” means an insurance company carrying on business without having any share capital;
- “pensioner”, in relation to a mutual insurance company or its wholly-owned subsidiary, means a person entitled (whether presently or prospectively) to a pension, lump sum, gratuity or other like benefit referable to the service of any person as an employee of the company or subsidiary.
- (9) The Treasury may by regulations amend subsection (3) above by substituting a lower percentage for the percentage there mentioned.
- (10) The Treasury may by regulations provide that any or all of the references in subsections (3) and (4) above to members shall be construed as references to members of a class specified in the regulations; and different provision may be made for different cases.
- (11) The power to make regulations under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.
- (12) This section applies in relation to instruments executed on or after the day on which this Act is passed.

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**Marginal Citations**

**M1** 1891 c. 39.

**M2** 1982 c. 50.

**Status:**

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**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1997, Section 96.