



# Finance Act 1999

## 1999 CHAPTER 16

### PART III

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

##### *Securities and investments*

#### 65 Relevant discounted securities.

- <sup>F1</sup>(1) .....
- <sup>F1</sup>(2) .....
- <sup>F1</sup>(3) .....
- <sup>F1</sup>(4) .....
- <sup>F1</sup>(5) .....
- <sup>F1</sup>(6) .....
- <sup>F2</sup>(7) .....

(8) Subject to subsections (9) to (12) below, [<sup>F3</sup>subsection (7) above has] effect in relation to—

- (a) any transfer of a security on or after 15th February 1999; or
- (b) any occasion on or after that date on which a person holding a security becomes entitled to any payment on its redemption.

(9) For the purposes of section 92 of that Act, [<sup>F4</sup>subsection (7)] above—

- (a) [<sup>F4</sup>has effect] in relation to any accounting period of a company ending on or after 15th February 1999; but
- (b) [<sup>F4</sup>does not affect] any amount falling to be brought into account in respect of any disposal (in whole or in part) of an asset representing a creditor relationship if the disposal was one completed before that day.

*Status: Point in time view as at 06/04/2005.*

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- (10) For the purposes of paragraphs 17 and 18 of Schedule 9 to that Act, [<sup>F4</sup>subsection (7)] above—
- (a) [<sup>F4</sup>has effect] in relation to any accounting period of a company ending on or after 15th February 1999; but
  - (b) [<sup>F4</sup>does not affect] any amount falling to be brought into account in respect of a security representing a debtor relationship of a company if, on that day, the company was no longer subject to any liability under the relationship.
- (11) For the purposes of sections 117(2AA) and 251(8) of the <sup>M1</sup>Taxation of Chargeable Gains Act 1992, [<sup>F5</sup>subsection (7) above has] effect in relation to any disposal (in whole or in part) of an asset on or after 15th February 1999.
- (12) For the purposes of subsection (1)(c) of section 254 of that Act (which, notwithstanding its repeal by the <sup>M2</sup>Finance Act 1998, continues to have effect in relation to loans made before 17th March 1998), [<sup>F5</sup>subsection (7) above has] effect in relation to any claim made on or after 15th February 1999.

#### Textual Amendments

- F1** S. 65(1)-(6) repealed (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 507\(2\), Sch. 3](#) (with [Sch. 2](#))
- F2** S. 65(7) repealed (with effect in accordance with s. 52(3), Sch. 10 para. 9(2)(3) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 2\(6\)](#)
- F3** Words in s. 65(8) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 507\(3\)](#) (with [Sch. 2](#))
- F4** Words in s. 65(9)(10) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 507\(4\)](#) (with [Sch. 2](#))
- F5** Words in s. 65(11)(12) substituted (6.4.2005 with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 507\(5\)](#) (with [Sch. 2](#))

#### Marginal Citations

- M1** 1992 c.12.  
**M2** 1998 c.36.

## 66 Qualifying corporate bonds: provision consequential on s. 65.

- (1) This section applies where—
- (a) before 15th February 1999 there occurred a transaction (“the relevant transaction”) to which sections 127 to 130 of the Taxation of Chargeable Gains Act 1992 applied; and
  - (b) the new holding (within the meaning given by section 126 of that Act) consisted of or included something (“the new asset”) that—
    - (i) did not fall to be treated as a qualifying corporate bond in relation to the relevant transaction, but
    - (ii) by virtue of section 65 above, does fall to be so treated in relation to a disposal on or after 15th February 1999.

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- (2) Section 116 of the Taxation of Chargeable Gains Act 1992 (reorganisations etc. involving qualifying corporate bonds) shall have effect in relation to any disposal of the whole or part of the new asset on or after 15th February 1999 as if—
- (a) there had been a transaction (“the subsequent transaction”) by which the person holding the new asset had disposed of it and immediately re-acquired it;
  - (b) the subsequent transaction had occurred at the time mentioned in subsection (3) below;
  - (c) the asset re-acquired had been a qualifying corporate bond; and
  - (d) the subsequent transaction had been a transaction to which section 127 of that Act would have applied but for section 116(5) of that Act.
- (3) That time is—
- (a) where the relevant transaction took place before 5th April 1996, that date;
  - (b) where the relevant transaction took place on or after that date, immediately after the relevant transaction.

## **67 Deep discount and deep gain securities.**

- (1) In paragraph 19 of Schedule 15 to the <sup>M3</sup>Finance Act 1996 (loan relationships: savings and transitional provisions), after sub-paragraph (3) there shall be inserted the following sub-paragraph—
- “(3A) Any income that is treated as arising at the time mentioned in subsection (5) of that section, as it applies by virtue of sub-paragraph (3) 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 time falls.”
- (2) In paragraph 20 of that Schedule, after sub-paragraph (2) there shall be inserted the following sub-paragraph—
- “(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) In paragraph 19(7) of that Schedule, for paragraph (b) there shall be substituted the following paragraph—
- “(b) the company did not make any disposal of that security on that date.”
- (4) In subsection (5)(c) of sections 64 and 65 of the <sup>M4</sup>Finance Act 1993 (which have effect, notwithstanding their repeal by the Finance Act 1996, in relation to deep discount and deep gain securities held on and after 31st March 1996), for “it is transferred by the creditor company” there shall be substituted “the creditor company makes a disposal of the security”.
- (5) After subsection (5) of section 65 of that Act there shall be inserted the following subsection—
- “(5A) There is a disposal of a security for the purposes of subsection (5)(c) above if there would be such a disposal for the purposes of the <sup>M5</sup>Taxation of Chargeable Gains Act 1992.”

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- (6) Subsections (1) and (2) above apply in relation to income treated as arising on or after 15th February 1999.
- (7) Subsection (3) above applies in any case where the day mentioned in paragraph 19(9) of Schedule 15 to the Finance Act 1996 falls on or after 15th February 1999.
- (8) Subsections (4) and (5) above apply for determining whether a time on or after 15th February 1999—
  - (a) is a time falling within section 64(5)(c) of the Finance Act 1993; or
  - (b) is on a day falling within section 65(5)(c) of that Act.

#### Marginal Citations

- M3 1996 c.8.
- M4 1993 c.34.
- M5 1992 c.12.

## 68 Court common investment funds.

- (1) After section 469 of the Taxes Act 1988 there shall be inserted the following section—

### “469A Court common investment funds.

- (1) The Tax Acts shall have effect in relation to any common investment fund established under section 42 of the <sup>M6</sup>Administration of Justice Act 1982 (common investment funds for money paid into court) as if—
  - (a) the fund were an authorised unit trust;
  - (b) the person who is for the time being the investment manager of the fund were the trustee of that authorised unit trust; and
  - (c) the persons whose interests entitle them, as against the Accountant General, to share in the fund’s investments were the unit holders in that authorised unit trust.
- (2) In this section “the Accountant General” means (subject to subsection (3) below) the Accountant General of the Supreme Court of Judicature in England and Wales or the Accountant General of the Supreme Court of Judicature of Northern Ireland.
- (3) Where in the case of any common investment fund a person other than the Accountant General is authorised by the Lord Chancellor to hold shares in the fund, the reference in subsection (1)(c) above to the Accountant General shall include a reference to that other person.”
- (2) Section 328 of the Taxes Act 1988 (agreements with the Board about the taxation regime for common investment funds) shall cease to have effect.
- (3) Subsections (1) and (2) above have effect in relation to—
  - (a) any income arising to a common investment fund on or after 6th April 1999; and
  - (b) any distribution made by such a fund for a distribution period beginning on or after that date.

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- (4) For the purposes of the Tax Acts where any common investment fund was in existence on 5th April 1999—
- (a) the distribution period of that fund which was current on that date for the purposes of section 469 of the Taxes Act 1988 shall be taken to have ended with that date; and
  - (b) the fund's first accounting period for the purposes of corporation tax, and its first distribution period for the purposes of the enactments relating to authorised unit trusts, shall each be taken to have begun with 6th April 1999.
- (5) In this section “common investment fund” means any common investment fund established under section 42 of the Administration of Justice Act 1982.

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**Marginal Citations**

**M6** 1982 c.53.

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