SCHEDULES

SCHEDULE 24

ABOLITION OF STAMP DUTY AND SDRT: SECURITIES ON RECOGNISED GROWTH MARKETS

PART 1

STAMP DUTY RESERVE TAX

"Chargeable securities"

3 After that section insert—

"99A Section 99(4B): "listed" and "recognised growth market"

(1) This section applies for the purposes of section 99(4B).

(2) Section 1005(3) to (5) of the Income Tax Act 2007 (meaning of "listed" etc) applies as it applies in relation to the Income Tax Acts.

(3) "Recognised growth market" means a market recognised as a growth market by the Commissioners for Her Majesty's Revenue and Customs.

(4) On an application made by a market, the market is to be recognised by the Commissioners as a growth market if, and only if, the Commissioners are satisfied, on the basis of evidence provided by the market, that the market qualifies for recognition.

(5) A market qualifies for recognition at any time ("the relevant time") if it is a recognised stock exchange which meets one or both of the following conditions—

(a) a majority of the companies whose stock or marketable securities are admitted to trading on the market are companies with market capitalisations of less than £170 million;

(b) the Commissioners are satisfied that the admission requirements of the market include provision requiring companies to demonstrate compounded annual growth in gross revenue or employment of at least 20% over the last three periods of account preceding admission ("the pre-admission periods").

(6) In subsection (5)—

"period of account" of a company means a period for which the company draws up accounts;

"recognised stock exchange" has the meaning given by section 1005(1) of the Income Tax Act 2007.

(7) For the purposes of subsection (5)(a) a company's market capitalisation at the relevant time is the average of the closing market capitalisations of the company on the last trading day of each calendar month (or part of a calendar month) in the qualifying period.

(8) "The qualifying period" means whichever is the shorter of—

(a) the last three calendar years preceding the relevant time, or

(b) the period beginning with the day on which the company is admitted to trading on the market and ending at the end of the last calendar year preceding the relevant time.

(9) For the purposes of subsection (5)(a), a company is to be disregarded if it is admitted to trading on the market in the calendar year in which the relevant time falls.

(10) In the case of a company with a market capitalisation in a currency other than sterling, the closing market capitalisation for the last trading day of any calendar month is to be taken, for the purposes of subsection (7), to be the sterling equivalent of that capitalisation (calculated by reference to the spot rate of exchange for that last trading day).

(11) For the purposes of subsection (5)(b), the percentage of the compounded annual growth in gross revenue over the pre-admission periods is calculated by applying the formula—

$$\left(\left(\frac{EV}{BV}\right)^{1/3} - 1\right) \times 100$$

where—

"EV" is the company's gross revenue for the last of the pre-admission periods,

"BV" is the company's gross revenue for the period of account immediately preceding the pre-admission periods.

(12) For those purposes, the percentage of the compounded annual growth in employment over the pre-admission periods is calculated by applying the formula—

$$\left(\left(\frac{EV}{BV}\right)^{1/3} - 1\right) \times 100$$

where—

"EV" is the number of employees of the company at the end of the last of the pre-admission periods,

"BV" is the number of employees of the company at the end of the period of account immediately preceding the pre-admission periods.

(13) The Treasury may by regulations—

(a) make provision for the revocation by the Commissioners of a recognition under this section and about the consequences of a revocation;

(b) amend this section so as to add, remove or alter a condition which must be met in relation to a market for it to be recognised by the Commissioners under this section.

(14) Regulations under this section may contain incidental, supplemental, consequential and transitional provision and savings.

(15) The power to make regulations under this section is exercisable by statutory instrument, and any statutory instrument containing such regulations is subject to annulment in pursuance of a resolution of the House of Commons.

(16) This section is to be construed as one with the Stamp Act 1891.”