



Finance Act 1986

1986 CHAPTER 41

PART IV

STAMP DUTY RESERVE TAX

The principal charge

[^{F1}89AA Section 87: exception for repurchases and stock lending.

- (1) This section applies where a person (P) has entered into an arrangement with another person (Q) under which—
- (a) Q is to transfer chargeable securities of a particular kind to P or his nominee, and
 - (b) chargeable securities of the same kind and amount are to be transferred by P or his nominee to Q or his nominee,
- and the conditions set out in subsection [^{F2}(2A) or] (3) below are fulfilled.
- (2) Section 87 above shall not apply as regards an agreement to transfer chargeable securities to P or his nominee or Q or his nominee in accordance with the arrangement.

[The conditions in this subsection are—

^{F3}(2A) (a) that P or Q

- [is authorised under the law of an EEA State [^{F5}or Gibraltar] to provide
- ^{F4}(i) any of the investment services or activities listed in Section A 2 or 3 of Annex I to the Directive (execution of orders on behalf of clients and dealing on own account) in relation to securities of the kind concerned, whether or not P or Q is authorised under the Directive; ^{F6}...]^{F7} or
- (ii) has permission under the Financial Services and Markets Act 2000 to carry on any of the investment services or activities in paragraph 2 or 3 of Part 3 of Schedule 2 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;]

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1986, Section 89AA. (See end of Document for details)

- (b) that securities of the kind concerned are regularly traded on a regulated market]^{F8}; and
 - (c) that chargeable securities are transferred to P or his nominee and Q or his nominee in pursuance of the arrangement.]
- (3) The conditions [^{F9}in this subsection] are—
- (a) that the agreement is effected on [^{F10}a regulated market, a multilateral trading facility] or a recognised foreign exchange;
 - (b) that securities of the kind concerned are regularly traded on that [^{F11}market, facility or] exchange; and
 - (c) that chargeable securities are transferred to P or his nominee and Q or his nominee in pursuance of the arrangement.
- (4) An arrangement does not fall within subsection (1) above if—
- (a) the arrangement is not such as would be entered into by persons dealing with each other at arm’s length; or
 - (b) under the arrangement any of the benefits or risks arising from fluctuations, before the transfer to Q or his nominee takes place, in the market value of the chargeable securities accrues to, or falls on, P.
- (5) An agreement is effected on [^{F12}a market, a facility or] an exchange for the purposes of subsection (3) above if (and only if)—
- (a) it is subject to the rules of [^{F13}the market, facility or exchange]; and
 - (b) it is reported to [^{F13}the market, facility or exchange] in accordance with the rules of [^{F13}the market, facility or exchange].
- (6) In this section—
- ^{F14}“the Directive” has the meaning given in section 88B(2) above;]
 - ^{F14}“EEA State” has the meaning given in section 88B(2) above;]
 - ^{F15}...
 - ^{F16}“multilateral trading facility” has the meaning given in section 80B(2);]
 - ^{F16}“regulated market” has the meaning given in section 80B(2).]
 - “recognised foreign exchange” has the meaning given in section 80B(3) above.

^{F17}(6A)

- (7) The Treasury may by regulations provide that if section 87 would apply as regards an agreement but for subsection (2) above, section 87 shall apply as regards the agreement but with the substitution of a rate of tax not exceeding 0.1 per cent. for the rate specified in subsection (6) of that section.
- (8) The Treasury may by regulations amend this section (as it has effect for the time being) in order—
 - (a) to change the conditions for exemption from tax under this section; or
 - (b) to provide that this section does not apply in relation to kinds of arrangement specified in the regulations.
- (9) The power to make regulations under subsection (7) or (8) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.]

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1986, Section 89AA. (See end of Document for details)

Textual Amendments

- F1** S. 89AA inserted (20.10.1997 with application as mentioned in s. 103(5) of the amending Act) by Finance Act 1997 (c. 16), s. 103(1)(8); S.I. 1997/2428, art. 2
- F2** Words in s. 89AA(1) inserted (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 6(2)
- F3** S. 89AA(2A) inserted (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 6(3)
- F4** Words in s. 89AA(2A)(a) renumbered as s. 89AA(2A)(a)(i) (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, 2(7)(a)(i); 2020 c. 1, Sch. 5 para. 1(1)
- F5** Words in s. 89AA(2A)(a)(i) inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, 2(7)(a)(ii); 2020 c. 1, Sch. 5 para. 1(1)
- F6** Word in s. 89AA(2A)(a) omitted (with effect in accordance with reg. 1(2) of the amending S.I.) by virtue of The Stamp Duty Reserve Tax (Amendment of section 89AA of the Finance Act 1986) Regulations 2008 (S.I. 2008/3236), regs. 1(1), 2(a)
- F7** S. 89AA(2A)(a)(ii) and word inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, 2(7)(a)(iii); 2020 c. 1, Sch. 5 para. 1(1)
- F8** S. 89AA(2A)(c) and word inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Stamp Duty Reserve Tax (Amendment of section 89AA of the Finance Act 1986) Regulations 2008 (S.I. 2008/3236), regs. 1(1), 2(b)
- F9** Words in s. 89AA(3) inserted (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 6(4)(a)
- F10** Words in s. 89AA(3) substituted (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 6(4)(b)
- F11** Words in s. 89AA(3) inserted (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 6(4)(c)
- F12** Words in s. 89AA(5) inserted (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 6(5)(a)
- F13** Words in s. 89AA(5) substituted (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 6(5)(b)
- F14** Words in s. 89AA(6) inserted (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 6(6)(a)
- F15** Words in s. 89AA(6) repealed (with effect in accordance with Sch. 21 para. 6(8) of the amending Act) by Finance Act 2007 (c. 11), Sch. 21 para. 6(6)(b), Sch. 27 Pt. 4(2)
- F16** Words in s. 89AA(6) inserted (31.12.2020) by The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, 2(7)(b); 2020 c. 1, Sch. 5 para. 1(1)
- F17** S. 89AA(6A) omitted (31.12.2020) by virtue of The Stamp Duty and Stamp Duty Reserve Tax (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/515), regs. 1, 2(7)(c); 2020 c. 1, Sch. 5 para. 1(1)

Modifications etc. (not altering text)

- C1** S. 89AA extended (12.10.2004) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2004 (S.I. 2004/2421), art. 1, reg. 2
- C2** S. 89AA: power to extend conferred (20.7.2005) by Finance (No. 2) Act 2005 (c. 22), s. 50(1)-(4)
- C3** S. 89AA extended (with modifications) (11.8.2005) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2005 (S.I. 2005/1990), regs. 1, 2-7
- C4** S. 89AA extended (16.2.2006) by The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2006 (S.I. 2006/139), regs. 1, 2(1)
- C5** S. 89AA: power to extend conferred (24.7.2002) by Finance Act 2002 (c. 23), s. 117

*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 1986, Section 89AA. (See end of Document for details)*

- | |
|---|
| <p>C6 S. 89AA extended (26.7.2002) by S.I. 2002/1975, art. 2</p> <p>C7 S. 89AA modified (1.1.1999) by S.I. 1998/3177, arts. 26(2), 28(2), 30(2)</p> |
|---|

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1986, Section 89AA.