



# Finance Act 1986

## 1986 CHAPTER 41

### PART IV

#### STAMP DUTY RESERVE TAX

##### *General*

## 99 Interpretation

(1) This section applies for the purposes of this Part of this Act.

[<sup>F1</sup>(1A) “Bearer instrument” has the same meaning as in Schedule 15 to the Finance Act 1999.  
An instrument is a “UK bearer instrument” or “non-UK bearer instrument” according to whether it is issued by or on behalf of a UK company or a non-UK company within the meaning of that Schedule.]

(2) “The Board” means the Commissioners of Inland Revenue.

[<sup>F2</sup>(3) Subject to the following provisions of this section, “chargeable securities” means —

- (a) stocks, shares or loan capital,
- (b) interests in, or in dividends or other rights arising out of, stocks, shares or loan capital,
- (c) rights to allotments of or to subscribe for, or options to acquire, stocks, shares or loan capital, and
- (d) units under a unit trust scheme.

(4) “Chargeable securities” does not include securities falling within paragraph (a), (b) or (c) of subsection (3) above which are issued or raised by a body corporate not incorporated in the United Kingdom unless —

- (a) they are registered in a register kept in the United Kingdom by or on behalf of the body corporate by which they are issued or raised, or
- (b) in the case of shares, they are paired with shares issued by a body corporate incorporated in the United Kingdom, or

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- (c) in the case of securities falling within paragraph (b) or (c) of subsection (3) above, paragraph (a) or (b) above applies to the stocks, shares or loan capital to which they relate<sup>F3</sup>, or
  - (d) they are issued or raised by [<sup>F4</sup>a UK Societas] (whether or not in the course of its formation in accordance with Article 2 of Council Regulation (EC) 2157/2001 on the Statute for a European Company (Societas Europaea))<sup>F5</sup>....
- (4A) “Chargeable securities” does not include securities falling within paragraph (a), (b) or (c) of subsection (3) above if—
- (a) they are securities issued or raised by an SE (whether or not in the course of its formation in accordance with Article 2 of Council Regulation (EC) 2157/2001 on the Statute for a European Company (Societas Europaea),<sup>F6</sup>...
  - <sup>F6</sup>(b) .....]
- [<sup>F7</sup>(4B) “Chargeable securities” does not include securities falling within paragraph (a), (b) or (c) of subsection (3) which are admitted to trading on a recognised growth market but not listed on that or any other market.
- (4C) In subsection (4B), “listed” and “recognised growth market” are to be construed in accordance with section 99A.]
- (5) [<sup>F8</sup>“Chargeable securities” does not include securities falling within paragraph (a), (b) or (c) of subsection (3) above if—
- (a) in the case of stock or marketable securities within the meaning of section 125 of the Finance Act 2003 (abolition of stamp duty except on instruments relating to stock or marketable securities), they are securities the transfer of which is exempt from all stamp duties;
  - (b) in any other case, they are securities the transfer of which, disregarding that section, would be exempt from all stamp duties.
- (5ZA) “Chargeable securities” does not include securities falling within paragraph (b) or (c) of subsection (3) above if the stocks, shares or loan capital to which the securities relate—
- (a) are stock or marketable securities within the meaning of section 125 of the Finance Act 2003 (abolition of stamp duty except on instruments relating to stock or marketable securities) the transfer of which is exempt from all stamp duties, or
  - (b) are securities the transfer of which, disregarding that section, would be exempt from all stamp duties.]

[<sup>F9</sup>(5A) “Chargeable securities” does not include a unit under a unit trust scheme if—

    - (a) all the trustees under the scheme are resident outside the United Kingdom and the unit is not registered in a register kept in the United Kingdom by or on behalf of the trustees under the scheme; or
    - (b) under the terms of the scheme the trust property can only be invested in exempt investments.

(5B) For the purposes of subsection (5A)(b)—

    - (a) an investment other than an interest under a collective investment scheme is an exempt investment if, and only if—
      - (i) it is not an investment on the transfer of which *ad valorem* stamp duty would be chargeable,<sup>F10</sup> ...

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- [ it is not an investment on the acquisition of which stamp duty land<sup>F11</sup>(ia) tax would be chargeable under Part 4 of the Finance Act 2003, and]
- (ii) it is not a chargeable security;
- (b) an interest under a collective investment scheme is an exempt investment [<sup>F12</sup>, unless subsection (5C) applies to the scheme;]
- (c) a derivative is an exempt investment if, and only if, it relates wholly to one or more exempt investments; and
- (d) funds held for the purposes of the day to day management of the unit trust scheme are not regarded as investments.
- <sup>F13</sup> ...]
- [<sup>F14</sup>(5C) This subsection applies to a collective investment scheme if more than 20% of the market value of the investments in which the property subject to the scheme is invested is attributable to investments which are not exempt investments for the purposes of subsection (5A)(b).
- (5D) In subsections (5B) and (5C) “collective investment scheme” has the same meaning as in Part 17 of the Financial Services and Markets Act 2000.]
- (6) “Chargeable securities” does not include interests in depositary receipts for stocks or shares.
- (6A) For the purposes of subsection (4) above, shares issued by a body corporate which is not incorporated in the United Kingdom (“the foreign company”) are paired with shares issued by a body corporate which is so incorporated (“the UK company”) where —
- (a) the articles of association of the UK company and the equivalent instruments governing the foreign company each provide that no share in the company to which they relate may be transferred otherwise than as part of a unit comprising one share in that company and one share in the other, and
- (b) such units have been offered for sale to the public in the United Kingdom and, at the same time, an equal number of such units have been offered for sale to the public at a broadly equivalent price in the country in which the foreign company is incorporated.]
- (7) A depositary receipt for stocks or shares is an instrument acknowledging —
- (a) that a person holds stocks or shares or evidence of the right to receive them, and
- (b) that another person is entitled to rights, whether expressed as units or otherwise, in or in relation to stocks or shares of the same kind, including the right to receive such stocks or shares (or evidence of the right to receive them) from the person mentioned in paragraph (a) above,
- except that a depositary receipt for stocks or shares does not include an instrument acknowledging rights in or in relation to stocks or shares if they are issued or sold under terms providing for payment in instalments and for the issue of the instrument as evidence that an instalment has been paid.
- (8) The Treasury may by regulations provide that for subsection (7) above (as it has effect for the time being) there shall be substituted a subsection containing a different definition of a depositary receipt; and the power to make regulations under this subsection shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

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- (9) “Unit” <sup>F15</sup>(except in subsection (6A) above)] and “unit trust scheme” have the same meanings as in Part VII of the Finance Act 1946 <sup>M1</sup>.
- <sup>F16</sup>(9A) But “unit trust scheme” does not include arrangements <sup>F17</sup>to which section 564G of the Income Tax Act 2007]<sup>F18</sup>or section 507 of the Corporation Tax Act 2009] (alternative finance investment bonds) <sup>F19</sup>applies].]
- (10) In interpreting “chargeable securities” in sections 93, 94 <sup>F20</sup>95,]<sup>F21</sup>, 96 <sup>F22</sup>, 97] and 97A]<sup>F23</sup>, 97AA] above —
- <sup>F24</sup>(a) paragraph (a) of subsection (4) above and the reference to that paragraph in paragraph (c) of that subsection shall be ignored, and]
- (b) the effect of <sup>F25</sup>section 133(3) of the Companies Act 2006 (transactions in shares registered in overseas branch register)] shall be ignored for the purposes of subsection (5) above.
- <sup>F26</sup>(11) In interpreting “chargeable securities” in section 93 or 96 above in a case where —
- (a) newly subscribed shares, or
- (b) securities falling within paragraph (b) or (c) of subsection (3) above which relate to newly subscribed shares,
- are issued in pursuance of an arrangement such as is mentioned in that section (or an arrangement which would be such an arrangement if the securities issued were chargeable securities), paragraph (b) of subsection (4) above and the reference to that paragraph in paragraph (c) of that subsection shall be ignored.
- (12) In subsection (11) above, “newly subscribed shares” means shares issued wholly for new consideration in pursuance of an offer for sale to the public.]
- <sup>F27</sup>(13) Where the calculation of any tax in accordance with the provisions of this Part results in an amount which is not a multiple of one penny, the amount so calculated shall be rounded to the nearest penny, taking any  $\frac{1}{2}$ p as nearest to the next whole penny above.]

#### Textual Amendments

- F1** S. 99(1A) inserted (with application as mentioned in s. 113(4) of the amending Act) by Finance Act 1999 (c. 16), s. 113(3), {Sch. 16 para. 9} (with s. 123(4))
- F2** S. 99(3)-(6) substituted (with application as mentioned in s. 144(6) of the amending Act) by Finance Act 1988 (c. 39) {s. 144(2)}
- F3** S. 99(4)(d) and word and (4A) added (with effect in accordance with s. 57(2) of the amending Act) by Finance (No. 2) Act 2005 (c. 22), s. 57(1)
- F4** Words in s. 99(4)(d) substituted (31.12.2020) by The Taxes (Amendments) (EU Exit) Regulations 2019 (S.I. 2019/689), regs. 1, 4(2)(a)(i) (with regs. 39-41, 42); 2020 c. 1, Sch. 5 para. 1(1)
- F5** Words in s. 99(4)(d) omitted (31.12.2020) by virtue of The Taxes (Amendments) (EU Exit) Regulations 2019 (S.I. 2019/689), regs. 1, 4(2)(a)(ii) (with regs. 39-41, 42); 2020 c. 1, Sch. 5 para. 1(1)
- F6** S. 99(4A)(b) and word omitted (31.12.2020) by virtue of The Taxes (Amendments) (EU Exit) Regulations 2019 (S.I. 2019/689), regs. 1, 4(2)(b) (with regs. 39-41, 42); 2020 c. 1, Sch. 5 para. 1(1)
- F7** S. 99(4B)(4C) inserted (with effect in accordance with Sch. 24 para. 4 of the amending Act) by Finance Act 2014 (c. 26), Sch. 24 para. 2
- F8** S. 99(5)(5ZA) substituted for s. 99(5) (1.12.2003) by The Stamp Duty and Stamp Duty Land Tax (Consequential Amendment of Enactments) Regulations 2003 (S.I. 2003/2868), regs. 1, 5(2)
- F9** S. 99(5A)(5B) inserted (6.2.2000) by Finance Act 1999 (c. 16), s. 112(4), Sch. 19 para. 12(3)
- F10** Word in s. 99(5B)(a)(i) omitted (1.12.2003) by virtue of The Stamp Duty and Stamp Duty Land Tax (Consequential Amendment of Enactments) Regulations 2003 (S.I. 2003/2868), regs. 1, 5(3)

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- F11** S. 99(5B)(a)(ia) inserted (1.12.2003) by [The Stamp Duty and Stamp Duty Land Tax \(Consequential Amendment of Enactments\) Regulations 2003 \(S.I. 2003/2868\)](#), regs. 1, [5\(3\)](#)
- F12** Words in s. 99(5B)(b) substituted (24.7.2011) by [Finance Act 2011 \(c. 11\)](#), [s. 84\(2\)\(a\)\(4\)](#)
- F13** Words in s. 99(5B) omitted (24.7.2011) by virtue of [Finance Act 2011 \(c. 11\)](#), [s. 84\(2\)\(b\)\(4\)](#)
- F14** S. 99(5C)(5D) inserted (24.7.2011) by [Finance Act 2011 \(c. 11\)](#), [s. 84\(3\)\(4\)](#)
- F15** Words in s. 99(9) inserted (with application as mentioned in [s. 144\(6\)](#) of the amending Act) by [Finance Act 1988 \(c. 39\)](#), [s. 144\(3\)](#)
- F16** S. 99(9A) inserted (with effect in accordance with [s. 154\(6\)](#) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 154\(4\)](#)
- F17** Words in s. 99(9A) substituted (with effect in accordance with [s. 381\(1\)](#) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), [s. 381\(1\)](#), [Sch. 8 para. 197\(a\)](#) (with [Sch. 9 paras. 1-9, 22](#))
- F18** Words in s. 99(9A) inserted (with effect in accordance with [s. 1329\(1\)](#) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [s. 1329\(1\)](#), [Sch. 1 para. 325](#) (with [Sch. 2 Pts. 1, 2](#))
- F19** Word in s. 99(9A) inserted (with effect in accordance with [s. 381\(1\)](#) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), [s. 381\(1\)](#), [Sch. 8 para. 197\(b\)](#) (with [Sch. 9 paras. 1-9, 22](#))
- F20** Words in s. 99(10) inserted (with application as mentioned in [s. 151\(6\)](#) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 151\(5\)\(a\)](#)
- F21** Words in s. 99(10) substituted (1.7.1996) by [Finance Act 1996 \(c. 8\)](#), [s. 196\(5\)\(6\)](#)
- F22** Words in s. 99(10) inserted (with application as mentioned in [s. 151\(6\)](#) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 151\(5\)\(b\)](#)
- F23** Words in s. 99(10) inserted (with application as mentioned in [s. 118\(5\)](#) of the amending Act) by [Finance Act 1999 \(c. 16\)](#), [s. 118\(4\)](#) (with [s. 123\(4\)](#))
- F24** S. 99(10)(a) substituted (with application in accordance with [s. 144\(6\)](#) of the amending Act) by [Finance Act 1988 \(c. 39\)](#), [s. 144\(4\)](#)
- F25** Words in s. 99(10)(b) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments\) \(Taxes and National Insurance\) Order 2009 \(S.I. 2009/1890\)](#), arts. 1(1), [7\(f\)](#)
- F26** S. 99(11)(12) added (with application as mentioned in [s. 144\(6\)](#) of the amending Act) by [Finance Act 1988 \(c. 39\)](#), [s. 144\(5\)](#)
- F27** S. 99(13) added (29.4.1996) by [Finance Act 1996 \(c. 8\)](#), [s. 194\(6\)](#)

**Modifications etc. (not altering text)**

- C1** S. 99 modified by [S.I. 1997/1156](#), [reg. 4](#) (as substituted (6.2.2000) by [S.I. 1999/3261](#), [reg. 5](#))

**Marginal Citations**

- M1** [1946 c. 64.](#)

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