



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART IV

PROVISIONS RELATING TO THE SCHEDULE D CHARGE

CHAPTER I

SUPPLEMENTARY CHARGING PROVISIONS

56 Transactions in deposits with and without certificates or in debts

- (1) Subsection (2) below applies to the following rights—
 - (a) the right to receive the amount, with or without interest, stated in a certificate of deposit;
 - (b) the right to receive an amount payable with interest—
 - (i) in a transaction in which no certificate of deposit or security is issued, and
 - (ii) which is payable by a bank or similar institution or a person regularly engaging in similar transactions;and the right to receive that interest.
- (2) Profits or gains arising to a person from the disposal of a right to which this subsection applies or, except so far as it is a right to receive interest, from the exercise of any such right (whether by the person to whom the certificate was issued or by some other person, or, as the case may be, by the person who acquired the right in the transaction referred to in subsection (1) above or by some person acquiring it directly or indirectly from that person), shall, if not falling to be taken into account as a trading receipt, be treated as annual profits or gains chargeable to tax under Case VI of Schedule D.
- (3) Subsection (2) above does not apply in the case of the disposal or exercise of a right to receive an amount stated in a certificate of deposit or interest on such an amount—
 - (a) if the person disposing of the right acquired it before 7th March 1973;

Status: This is the original version (as it was originally enacted).

- (b) to any profits or gains arising to a fund or scheme in the case of which provision is made by section 592(2), 613, 614(1) to (3) or 620(6) for exempting the whole or part of its income from income tax;
 - (c) in so far as they are applied to charitable purposes only, to any profits or gains arising to a charity within the meaning of section 506.
- (4) For the purposes of this section, profits or gains shall not be treated as falling to be taken into account as a trading receipt by reason only that they are included in the computation required by section 76(2).
- (5) In this section—
- “certificate of deposit” means a document relating to money, in any currency, which has been deposited with the issuer or some other person, being a document which recognises an obligation to pay a stated amount to bearer or to order, with or without interest, and being a document by the delivery of which, with or without endorsement, the right to receive that stated amount, with or without interest, is transferable; and
 - “security” has the same meaning as in section 82 of the 1979 Act.