



Finance Act 1990

1990 CHAPTER 29

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Securities

56 Convertible securities

Schedule 10 to this Act (convertible securities) shall have effect.

57 Deep gain securities

(1) In Schedule 11 to the Finance Act 1989 (deep gain securities) paragraph 1 (meaning of deep gain security) shall be amended as follows.

(2) The following sub-paragraph shall be inserted after sub-paragraph (3)—

“(3A) In the case of a security issued on or after 9th June 1989, for the purposes of sub-paragraph (2) above “redemption” does not include any redemption which may be made before maturity only if—

- (a) the person who issued the security fails to comply with the duties imposed on him by the terms of issue,
- (b) the person who issued the security becomes unable to pay his debts, or
- (c) the security was issued by a company and a person gains control of the company in pursuance of the acceptance of an offer made by that person to acquire shares in the company.”

Status: This is the original version (as it was originally enacted).

(3) The amendment made by this section shall be deemed always to have had effect.

58 Qualifying indexed securities

(1) In Schedule 11 to the Finance Act 1989 (deep gain securities) paragraph 2 (qualifying indexed securities) shall be amended as follows.

(2) In sub-paragraph (2)(c) for the words from “the security” to “8th June 1989” there shall be substituted the words “the security was quoted in the official list of a recognised stock exchange at the time it was issued”.

(3) The following sub-paragraphs shall be inserted after sub-paragraph (8)—

“(8A) If a security was issued before 9th June 1989, was not quoted in the official list of a recognised stock exchange at the time it was issued, but was quoted in such a list on 8th June 1989, for the purposes of sub-paragraph (2)(c) above it shall be deemed to have been quoted in that list at the time it was issued.

(8B) If a security was issued on or after 9th June 1989, and was quoted in the official list of a recognised stock exchange at a time after it was issued but before the end of the qualifying period, for the purposes of sub-paragraph (2)(c) above it shall be deemed to have been quoted in that list at the time it was issued; and the qualifying period is the period of one month beginning with the day on which the security was issued.”

(4) The following sub-paragraph shall be inserted after sub-paragraph (11)—

“(11A) In a case where the terms of issue contain provision for the amount payable on redemption to be not less than a specified percentage of the issue price, the provision shall not prevent the fourth condition being fulfilled if the specified percentage is not greater than 10.”

(5) The following sub-paragraph shall be inserted after sub-paragraph (12)—

“(12A) In a case where—

(a) the terms of issue contain provision for the amount payable on redemption in any of the qualifying circumstances (set out in sub-paragraph (13) below) to be not more than the issue price, and

(b) the security was issued on or after 9th June 1989,

the provision shall not prevent the fourth condition being fulfilled.”

(6) In sub-paragraph (13)—

(a) for the words “and (12)” there shall be substituted the words “, (12) and (12A)”, and

(b) in paragraph (d) the words “before 9th June 1989” shall be omitted.

(7) The amendments made by this section shall be deemed always to have had effect.

59 Deep discount securities

(1) In Schedule 4 to the Taxes Act 1988 (deep discount securities) paragraph 1 (interpretation) shall be amended as follows.

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

(2) The following sub-paragraph shall be inserted after sub-paragraph (1A) (itself inserted by Schedule 10 to this Act)—

“(1B) Notwithstanding anything in sub-paragraph (1) above, for the purposes of this Schedule a security is not a deep discount security if—

- (a) it was issued on or after 1st August 1990, and
- (b) under the terms of issue, there is more than one date on which the holder will be entitled to require it to be redeemed by the company or the public body which issued it.”

(3) This section shall come into force on 1st August 1990.