

SCHEDULES

SCHEDULE 10

CONVERTIBLE SECURITIES

PART IV

AMENDMENTS

(1)

DEEP DISCOUNT SECURITIES

- 26 (1) Schedule 4 to the Taxes Act 1988 (deep discount securities) shall be amended as follows.
- (2) In paragraph 1 (interpretation) the following sub-paragraph shall be inserted after sub-paragraph (1)—
- “(1A) 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 by a company on or after 1st August 1990, and
- (b) under the terms of issue it can be converted into share capital in a company (whether or not the company is the one which issued the security).”
- (3) The following shall be inserted after paragraph 20—

“Convertible securities: special rules

- 21 In a case where—
- (a) a security is a qualifying convertible security, for the purposes of Schedule 10 to the Finance Act 1990, at the time of its issue, and
- (b) apart from this paragraph it would be a deep discount security at that time,
- the security shall be treated, at the time of its issue and at all subsequent times, as not being a deep discount security.”