

SCHEDULES

SCHEDULE 15

Section 113(1).

STAMP DUTY: BEARER INSTRUMENTS

PART I

CHARGING PROVISIONS

Charge on issue of instrument

- 1 (1) Stamp duty is chargeable—
- (a) on the issue of a bearer instrument in the United Kingdom, and
 - (b) on the issue of a bearer instrument outside the United Kingdom by or on behalf of a UK company.
- (2) This is subject to the exemptions in Part II of this Schedule.

Charge on transfer of stock by means of instrument

- 2 Stamp duty is chargeable on the transfer in the United Kingdom of the stock constituted by or transferable by means of a bearer instrument if duty was not chargeable under paragraph 1 on the issue of the instrument and—
- (a) duty would be chargeable under Part I of Schedule 13 (conveyance or transfer on sale) if the transfer were effected by an instrument other than a bearer instrument, or
 - (b) the stock constituted by or transferable by means of a bearer instrument consists of units under a unit trust scheme.

Meaning of “bearer instrument”

- 3 In this Schedule “bearer instrument” means—
- (a) a marketable security transferable by delivery;
 - (b) a share warrant or stock certificate to bearer or instrument to bearer (by whatever name called) having the like effect as such a warrant or certificate;
 - (c) a deposit certificate to bearer;
 - (d) any other instrument to bearer by means of which stock can be transferred; or
 - (e) an instrument issued by a non-UK company that is a bearer instrument by usage.

Status: This is the original version (as it was originally enacted).

Rates of duty

- 4 The duty chargeable under this Schedule is 1.5 of the market value of the stock constituted by or transferable by means of the instrument, unless paragraph 5 or 6 applies.
- 5 In the case of—
- (a) a deposit certificate in respect of stock of a single non-UK company, or
 - (b) an instrument issued by a non-UK company that is a bearer instrument by usage (and is not otherwise within the definition of “bearer instrument” in paragraph 3),
- the duty is 0.2 of the market value of the stock constituted by or transferable by means of the instrument.
- 6 In the case of an instrument given in substitution for a like instrument stamped ad valorem (whether under this Schedule or not) the duty is £5.

Ascertainment of market value

- 7 (1) For the purposes of duty under paragraph 1 (charge on issue of instrument) the market value of the stock constituted by or transferable by means of the instrument is ascertained as follows.
- (2) If the stock was offered for public subscription (whether in registered or in bearer form) within twelve months before the issue of the instrument, the market value shall be taken to be the amount subscribed for the stock.
- (3) In any other case the market value shall be taken to be—
- (a) the value of the stock on the first day within one month after the issue of the instrument on which stock of that description is dealt in on a stock exchange in the United Kingdom, or
 - (b) if stock of that description is not so dealt in, the value of the stock immediately after the issue of the instrument.
- 8 (1) For the purposes of duty under paragraph 2 (charge on transfer of stock by means of instrument) the market value of the stock constituted by or transferable by means of the instrument is ascertained as follows.
- (2) In the case of a transfer pursuant to a contract of sale, the market value shall be taken to be the value of the stock on the date when the contract is made.
- (3) In any other case, the market value shall be taken to be the value of the stock on the day preceding that on which the instrument is presented to the Commissioners for stamping, or, if it is not so presented, on the date of the transfer.

Meaning of “deposit certificate”

- 9 In this Schedule a “deposit certificate” means an instrument acknowledging the deposit of stock and entitling the bearer to rights (whether expressed as units or otherwise) in or in relation to the stock deposited or equivalent stock.

Bearer instruments by usage

- 10 (1) In this Schedule a “bearer instrument by usage” means an instrument —
- (a) which is used for the purpose of transferring the right to stock, and

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

(b) delivery of which is treated by usage as sufficient for the purposes of a sale on the market, whether that delivery constitutes a legal transfer or not.

(2) A bearer instrument by usage is treated—

- (a) as transferring the stock on delivery of the instrument, and
- (b) as issued by the person by whom or on whose behalf it was first issued, whether or not it was then capable of being used for transferring the right to the stock without execution by the holder.

Meaning of “company”, “UK company” and “non-UK company”

11 In this Schedule—

- “company” includes any body of persons, corporate or unincorporate;
- “UK company” means a company that is formed or established in the United Kingdom; and
- “non-UK company” means a company that is not a UK company.

Meaning of “stock” and “transfer”

12 (1) In this Schedule “stock” includes securities.

(2) References in this Schedule to stock include any interest in, or in any fraction of, stock or in any dividends or other rights arising out of stock and any right to an allotment of or to subscribe for stock.

(3) In this Schedule “transfer” includes negotiation, and “transferable”, “transferred” and “transferring” shall be construed accordingly.

PART II

EXEMPTIONS

Foreign loan securities

13 Stamp duty is not chargeable on a bearer instrument issued outside the United Kingdom in respect of a loan which is expressed in a currency other than sterling and which is not—

- (a) offered for subscription in the United Kingdom, or
- (b) offered for subscription with a view to an offer for sale in the United Kingdom of securities in respect of the loan.

Stock exempt from duty on transfer

14 Stamp duty is not chargeable under this Schedule on an instrument constituting, or used for transferring, stock (other than units in a unit trust) that is exempt from all stamp duties on transfer.

Instruments in respect of which duty previously abolished

15 Stamp duty is not chargeable under this Schedule on any description of instrument in respect of which duty was abolished by—

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

- (a) section 64 of the Finance Act 1971 or section 5 of the Finance Act (Northern Ireland) 1971 (abolition of duty on mortgages, bonds, debentures etc.), or
- (b) section 173 of the Finance Act 1989 (life insurance policies and superannuation annuities).

Renounceable letters of allotment

- 16 Stamp duty is not chargeable under this Schedule on renounceable letters of allotment, letters of rights or other similar instruments where the rights under the letter or other instrument are renounceable not later than six months after its issue.

Instruments relating to non-sterling stock

- 17 (1) Stamp duty is not chargeable under this Schedule on the issue of an instrument which relates to stock expressed—
- (a) in a currency other than sterling, or
 - (b) in units of account defined by reference to more than one currency (whether or not including sterling),
- or on the transfer of the stock constituted by or transferable by means of any such instrument.

- (2) Where the stock to which the instrument relates consists of a loan for the repayment of which there is an option between sterling and one or more other currencies, subparagraph (1) applies if the option is exercisable only by the holder of the stock and does not apply in any other case.

- 18 Where the capital stock of a company is not expressed in terms of any currency, it shall be treated for the purposes of paragraph 17 as expressed in the currency of the territory under the law of which the company is formed or established.

- 19 (1) A unit under a unit trust scheme or a share in a foreign mutual fund shall be treated for the purposes of paragraph 17 as capital stock of a company formed or established in the territory by the law of which the scheme or fund is governed.

- (2) A “foreign mutual fund” means a fund administered under arrangements governed by the law of a territory outside the United Kingdom under which subscribers to the fund are entitled to participate in, or receive payments by reference to, profits or income arising to the fund from the acquisition, holding, management or disposal of investments.

- (3) In relation to a foreign mutual fund “share” means the right of a subscriber, or of another in his right, to participate in or receive payments by reference to profits or income so arising.

Variation of original terms or conditions

- 20 Where a bearer instrument issued by or on behalf of a non-UK company in respect of a loan expressed in sterling—

- (a) has been stamped *ad valorem*, or
- (b) has been stamped with duty under paragraph 6 above (fixed duty on instrument given in substitution for another instrument stamped *ad valorem*), or

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

- (c) has been stamped with the denoting stamp referred to in paragraph 21(2)(b) below,
duty is not chargeable under this Schedule by reason only that the instrument is amended on its face pursuant to an agreement for the variation of any of its original terms or conditions.

PART III

SUPPLEMENTARY PROVISIONS

Duty chargeable on issue of instrument

- 21 (1) This paragraph applies where duty is chargeable under paragraph 1 of this Schedule.
- (2) The instrument—
- (a) shall before being issued be produced to the Commissioners, together with such particulars in writing of the instrument as the Commissioners may require, and
- (b) shall be deemed to be duly stamped if and only if it is stamped with a particular stamp denoting that it has been produced to the Commissioners.
- (3) Within six weeks of the date on which the instrument is issued, or such longer time as the Commissioners may allow, a statement in writing containing the date of the issue and such further particulars as the Commissioners may require in respect of the instrument shall be delivered to the Commissioners.
- (4) The duty chargeable in respect of the instrument shall be paid to the Commissioners on delivery of that statement or within such longer time as the Commissioners may allow.
- 22 (1) If default is made in complying with paragraph 21—
- (a) the person by whom or on whose behalf the instrument is issued, and
- (b) any person who acts as the agent of that person for the purposes of the issue, are each liable to a penalty not exceeding the aggregate of £300 and the duty chargeable.
- (2) Those persons are also jointly and severally liable to pay to Her Majesty—
- (a) the duty chargeable, and
- (b) interest on the unpaid duty from the date of the default until the duty is paid.

Duty chargeable on transfer of stock by means of instrument

- 23 (1) This paragraph applies where duty is chargeable under paragraph 2 of this Schedule.
- (2) Where the instrument is presented to the Commissioners for stamping—
- (a) the person presenting it, and
- (b) the owner of the instrument,
- shall furnish to the Commissioners such particulars in writing as the Commissioners may require for determining the amount of duty chargeable.
- (3) If the instrument is not duly stamped each person who in the United Kingdom—
- (a) transfers any stock by or by means of the instrument, or

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

(b) is concerned as broker or agent in any such transfer,
 is liable to a penalty not exceeding the aggregate of £300 and the amount of duty chargeable.

- (4) Those persons are also jointly and severally liable to pay to Her Majesty—
- (a) the duty chargeable, and
 - (b) interest on the unpaid duty from the date of the transfer in question until the duty is paid.

Supplementary provisions as to interest

- 24 (1) The following provisions apply to interest under paragraph 22(2) or 23(4).
- (2) If an amount is lodged with the Commissioners in respect of the duty, the amount on which interest is payable is reduced by that amount.
- (3) Interest is payable at the rate prescribed under section 178 of the Finance Act 1989 for the purposes of section 15A of the Stamp Act 1891 (interest on late stamping).
- (4) The amount of interest shall be rounded down (if necessary) to the nearest multiple of £5.
 No interest is payable if the amount is less than £25.
- (5) The interest shall be paid without any deduction of income tax and shall not be taken into account in computing income or profits for any tax purposes.

Penalty for false statement

- 25 A person who in furnishing particulars under this Part of this Schedule wilfully or negligently furnishes particulars that are false in any material respect is liable to a penalty not exceeding the aggregate of £300 and twice the amount by which the stamp duty chargeable exceeds that paid.
- 26 An instrument in respect of which duty is chargeable under paragraph 2 of this Schedule which—
- (a) has been stamped *ad valorem*, or
 - (b) has been stamped with a stamp indicating that it is chargeable with a fixed duty under paragraph 6 (instrument in substitution for one stamped *ad valorem*) and has been stamped under that paragraph,
- shall be treated as duly stamped for all purposes other than paragraph 25.