



Finance Act 2020

2020 CHAPTER 14

PART 3

OTHER TAXES

Stamp duty and stamp duty reserve tax

77 Stamp duty: transfers of unlisted securities and connected persons

After section 47 of FA 2019 insert—

“47A Stamp duty: transfers of unlisted securities and connected persons

- (1) This section applies if—
 - (a) an instrument transfers unlisted securities to a company or a company's nominee for consideration,
 - (b) the person transferring the securities is connected with the company or is the nominee of a person connected with the company, and
 - (c) some or all of the consideration consists of the issue of shares.
- (2) In this section “unlisted securities” means stock or marketable securities that are not listed securities within the meaning of section 47 (stamp duty: transfers of listed securities and connected persons).
- (3) For the purposes of the enactments relating to stamp duty the amount or value of the consideration is to be treated as being equal to—
 - (a) the amount or value of the consideration for the transfer, or
 - (b) if higher, the value of the unlisted securities.
- (4) For the purposes of subsection (3) “the enactments relating to stamp duty” means the Stamp Act 1891 and any enactment amending that Act or that is to be construed as one with that Act.
- (5) For the purposes of this section—

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- (a) the value of unlisted securities is to be taken to be the market value of the securities at the date the instrument is executed;
 - (b) “market value” has the same meaning as in TCGA 1992 and is to be determined in accordance with sections 272 and 273 of that Act (valuation).
- (6) Section 1122 of CTA 2010 (connected persons) has effect for the purposes of this section.
- (7) This section is to be construed as one with the Stamp Act 1891.
- (8) This section has effect in relation to instruments executed on or after the date on which FA 2020 is passed.”

78 **SDRT: unlisted securities and connected persons**

After section 48 of FA 2019—

“48A SDRT: unlisted securities and connected persons

- (1) This section applies if a person is connected with a company and—
- (a) the person or the person's nominee—
 - (i) agrees to transfer unlisted securities to the company or the company's nominee for consideration in money or money's worth, or
 - (ii) transfers such securities to the company or the company's nominee for consideration in money or money's worth, and
 - (b) some or all of the consideration consists of the issue of shares.
- (2) In this section “unlisted securities” means chargeable securities that are not listed securities within the meaning of section 48 (SDRT: listed securities and connected persons).
- (3) For the purposes of stamp duty reserve tax chargeable under section 87 of FA 1986 (the principal charge), the amount or value of the consideration is to be treated as being equal to—
- (a) the amount or value of the consideration for the transfer, or
 - (b) if higher, the market value of the unlisted securities at the time the agreement is made.
- (4) Subsection (5) has effect for the purposes of stamp duty reserve tax chargeable under section 93 of FA 1986 (depository receipts) or section 96 of that Act (clearance services).
- (5) If the amount or value of the consideration for any transfer of unlisted securities is less than the value of those securities at the time they are transferred, the transfer is to be treated as being for an amount of consideration in money equal to that value.
- (6) For the purposes of this section—
- (a) the value of unlisted securities is to be taken to be their market value;

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- (b) “market value” has the same meaning as in TCGA 1992 and is to be determined in accordance with sections 272 and 273 of that Act (valuation).
- (7) Section 1122 of CTA 2010 (connected persons) has effect for the purposes of this section.
- (8) This section is to be construed as one with Part 4 of FA 1986.
- (9) This section has effect—
 - (a) in relation to the charge to tax under section 87 of FA 1986 where—
 - (i) the agreement to transfer securities is conditional and the condition is satisfied on or after the relevant date, or
 - (ii) in any other case, the agreement is made on or after that date;
 - (b) in relation to the charge to tax under section 93 or 96 of that Act, where the transfer is on or after the relevant date (whenever the arrangement was made).

In this subsection “the relevant date” is the day on which FA 2020 is passed.”

79 Stamp duty: acquisition of target company's share capital

- (1) Section 77A of FA 1986 (disqualifying arrangements) is amended as follows.
- (2) In subsection (2), after paragraph (b) insert—

“but a person who has held at least 25% of the issued share capital of the target company at all times during the relevant period is not within paragraph (a) or (b).”
- (3) After that subsection insert—

“(2A) For the purposes of subsection (2) the “relevant period” is the period of 3 years ending immediately before the time at which the shares in the acquiring company are issued (or first issued) as consideration for the acquisition.”
- (4) In subsection (3) omit “But”.
- (5) After subsection (5) insert—

“(5A) The Treasury may by regulations amend subsection (2) or (2A) so as to alter the percentage or length of the period for the time being specified there.

(5B) The power to make regulations under subsection (5A) is exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.”
- (6) The amendments made by this section have effect in relation to instruments executed on or after the day on which this Act is passed.

Changes to legislation:

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