



Finance Act 1959

1959 CHAPTER 58

PART III

INCOME TAX

24 Purchase and sale of securities: dealers in securities

- (1) Subject to the provisions of this section, if the first buyer is engaged in carrying on a trade which consists of or comprises dealings in securities, then in computing for any of the purposes of the Income Tax Acts the profits arising from or loss sustained in the trade the price paid by him for the securities shall be reduced by the appropriate amount in respect of the interest, as determined in accordance with the Sixth Schedule to this Act.
- (2) The foregoing subsection shall not apply if the first buyer—
 - (a) is in the opinion of the Commissioners of Inland Revenue bona fide carrying on the business of a discount house in the United Kingdom, or
 - (b) is a member of the London Stock Exchange who is recognised by the committee thereof as carrying on the business of a jobber, or
 - (c) is a member of any other stock exchange in the United Kingdom who is recognised by the committee thereof as carrying on the business of a dealer, and the securities were bought in the ordinary course of his said business and, in the case of a dealer such as is mentioned in paragraph (c) of this subsection, were securities in which he was authorised by the said committee to deal.
- (3) Subsection (1) of this section shall not apply if the purchase of the securities by the first buyer and their resale, or as the case may be the subsequent sale of similar securities, constitute a transaction which is to be left out of account in computing profits or losses by virtue of subsection (3) of section two hundred and three of the Income Tax Act, 1952 (agreements for purchase and resale of securities by dealers).
- (4) Subsection (1) of this section shall not apply if the interest is to any extent required to be brought into account under section four of the Finance (No. 2) Act, 1955, as if it were a trading receipt which had not borne tax, or would to any extent be so required

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to be brought into account but for the provisions of paragraph 2 of the Third Schedule to that Act (which exclude dividends at rates not unusually high payable on shares acquired during the preceding twelve months).

- (5) Subsection (1) of this section shall not apply if the securities are overseas securities bought by the first buyer on a stock exchange outside the United Kingdom in the ordinary course of his trade as a dealer in securities and the following conditions are satisfied, namely—
- (a) the interest is brought into account in computing for the purposes of the Income Tax Acts the profits arising from or loss sustained in the trade ;
 - (b) the first buyer has not claimed, and undertakes not to claim, any relief available to him in respect of the interest under section two hundred and one of the Income Tax Act, 1952 (relief from tax on dividends from overseas companies who have paid United Kingdom income tax); and
 - (c) where credit against income tax or profits tax would fall to be allowed in respect of the interest under section three hundred and forty-seven or three hundred and forty-eight of the Income Tax Act, 1952 (double taxation relief), the first buyer elects that credit shall not be so allowed.

In this subsection " overseas securities " means securities of the government of, or of a body of persons resident in, any country or territory outside the United Kingdom and the Republic of Ireland.