



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART XVII

TAX AVOIDANCE

CHAPTER II

TRANSFERS OF SECURITIES

Transfers with or without accrued interest: introductory

710 Meaning of “securities”, “transfer” etc. for purposes of sections 711 to 728.

- (1) ^{M1}This section has effect for the interpretation of sections 711 to 728.
- (2) “Securities” does not [^{F1}, except as provided by subsection (2A) below,] include shares in a company but, subject to subsection (3) below, includes any loan stock or similar security—
 - (a) whether of the government of the United Kingdom, any other government, any public or local authority in the United Kingdom or elsewhere, or any company or other body; and
 - (b) whether or not secured, whether or not carrying a right to interest of a fixed amount or at a fixed rate per cent. of the nominal value of the securities, and whether or not in bearer form.

[^{F2}(2A) “Securities” includes shares in a building society which are qualifying shares for the purposes of section [^{F3}117(4) of the 1992 Act]] (qualifying corporate bonds).

- (3) “Securities” does not include—
 - (a) securities on which the whole of the return is a distribution by virtue of section 209(2)(e)(iv) and (v);
 - (b) national savings certificates (including Ulster Savings Certificates);
 - (c) war savings certificates;

Status: Point in time view as at 16/07/1992. This version of this provision has been superseded.

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- (d) certificates of deposit (within the meaning of section 56(5));
 - [^{F4}(da) any security which fulfils the following conditions, namely, it is a right to receive an amount (with or without interest) in pursuance of a deposit of money, it subsists under an arrangement falling within section 56A, and no certificate of deposit (as defined in section 56(5)) has been issued in respect of it at the time of the transfer concerned;]
 - (e) any security which fulfils the following conditions, namely, it is redeemable, the amount payable on its redemption exceeds its issue price, and no return other than the amount of that excess is payable on it.
- (4) Securities are to be taken to be of the same kind if they are treated as being of the same kind by the practice of a recognised stock exchange or would be so treated if dealt with on such a stock exchange.
- (5) ^{M2} “Transfer”, in relation to securities, means transfer by way of sale, exchange, gift or otherwise.
- (6) ^{M3} Where an agreement for the transfer of securities is made, they are transferred, and the person to whom they are agreed to be transferred becomes entitled to them, when the agreement is made and not on a later transfer made pursuant to the agreement; and “entitled”, “transfer” and cognate expressions shall be construed accordingly.
- (7) ^{M4} A person holds securities—
- (a) at a particular time if he is entitled to them at the time;
 - (b) on a day if he is entitled to them throughout the day or he becomes and does not cease to be entitled to them on the day.
- (8) ^{M5} A person acquires securities when he becomes entitled to them.
- (9) ^{M6} Where—
- (a) one individual holds securities at a particular time, and
 - (b) any interest on them would, if it became payable at that time, be treated for the purposes of the Tax Acts as part of another individual’s income,
- then, for the purposes of section 715(1)(b) and section 715(2)(b) so far as relating to section 715(1)(b), each of them shall be treated as holding at that time the securities which the other holds as well as those which he actually holds.
- (10) ^{M7} Where in Scotland two or more persons carry on a trade or business in partnership, any partnership dealings shall be treated as dealings by the partners and not by the firm as such and the partners as being entitled to securities held by the firm.
- (11) ^{M8} The nominal value of securities is—
- (a) where the interest on them is expressed to be payable by reference to a given value, that value; and
 - (b) in any other case, the price of the securities when they were issued.
- (12) ^{M9} Where apart from this subsection the nominal value of securities would be a value (“the foreign value”) expressed in a currency other than sterling, then, for the purposes of section 715, their nominal value on a particular day is the sterling equivalent on that day of the foreign value.

For the purposes of this subsection the sterling equivalent of a value on a particular day is the sterling equivalent calculated by reference to the London closing rate of exchange for that day.

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- (13) ^{M10}Where there is a conversion of securities then,—
- (a) the person who was entitled to them immediately before the conversion shall be treated as transferring them on the day of the conversion (if there is no actual transfer); and
 - (b) the interest period in which the conversion is made shall be treated as ending on the day on which it would have ended had the conversion not been made.
- In this subsection “conversion” means a conversion within the meaning of section ^{F3}132 of the 1992] Act.
- (14) ^{M11}In relation to an underwriting member of Lloyd’s, “business” and “premiums trust fund” have the meanings given by section 457.

Textual Amendments

- F1** Words in s. 710(2) inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 51, **Sch. 10 para. 2(2)(4)**
- F2** S. 710(2A) inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 51, **Sch. 10 para. 2(3)(4)**
- F3** Words in s. 710(2A)(13) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the substituting Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 10 para. 14(36)(a)(b)** (with ss. 60, 101(1), 171, 201(3)).
- F4** S. 710(3)(da) inserted (16.7.1992 with effect as mentioned in Sch. 8 para. 6 of the amending Act) by Finance (No.2) Act 1992 (c. 48), s. 34, Sch. 8 paras.5, 6.

Marginal Citations

- M1** Source—1985 Sch.23 1
- M2** Source—1985 Sch.23 2(2)
- M3** Source—1985 Sch.23 2(3), (4)
- M4** Source—1985 Sch.23 2(5), (6)
- M5** Source—1985 Sch.23 2(7)
- M6** Source—1985 Sch.23 2(8), (9)
- M7** Source—1985 Sch.23 2(10)
- M8** Source—1985 Sch.23 5
- M9** Source—1985 Sch.23 10(6), (7)
- M10** Source—1985 Sch.23 14(1), (3), (4)
- M11** Source—1985 Sch.23 21

Status:

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