
Status: Point in time view as at 06/03/1992.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1990, Part IV. (See end of Document for details)

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.”

(2) Deep gain securities

- 27 (1) Schedule 11 to the ^{M1} Finance Act 1989 (deep gain securities) shall be amended as follows.
- (2) In paragraph 4 (meaning of transfer etc.) the following sub-paragraph shall be inserted after sub-paragraph (2)—

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“(2A) But (notwithstanding sub-paragraph (2) above) “transfer” does not include a transfer made on a conversion of a security into share capital in a company.”

(3) The following shall be inserted after paragraph 22—

Convertible securities: special rules (1)

“22A(1) Sub-paragraph (2) below applies 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,
- (b) apart from paragraph 21 of Schedule 4 to the Taxes Act 1988, it would be a deep discount security at that time, and
- (c) at a later time it ceases to be a qualifying convertible security for the purposes of Schedule 10 to the Finance Act 1990.

(2) As regards any event occurring in relation to the security after the time mentioned in sub-paragraph (1)(c) above, paragraphs 5 to 19 above shall have effect as if—

- (a) the security were a deep gain security, and
- (b) it had been acquired as such (whatever the time it was acquired).

(3) For the purposes of sub-paragraph (2) above events, in relation to a security, include anything constituting a transfer or acquisition for the purposes of this Schedule.

Convertible securities: special rules (2)

22B (1) 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 sub-paragraph it would be a deep gain security at that time,

then (subject to sub-paragraph (3) below) the security shall be treated, at the time of its issue and at all subsequent times, as not being a deep gain security.

(2) Sub-paragraph (3) below applies where—

- (a) sub-paragraph (1) above applies in the case of a security, and
- (b) at a time after its issue it ceases to be a qualifying convertible security for the purposes of Schedule 10 to the Finance Act 1990.

(3) As regards any event occurring in relation to the security after the time mentioned in sub-paragraph (2)(b) above, paragraphs 5 to 19 above shall have effect as if—

- (a) the security were a deep gain security, and
- (b) it had been acquired as such (whatever the time it was acquired).

(4) For the purposes of sub-paragraph (3) above events, in relation to a security, include anything constituting a transfer or acquisition for the purposes of this Schedule.”

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Marginal Citations

M1 1989 c. 26.

(3) Corporate bonds

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F128

Textual Amendments

F1 Sch. 10 para. 28 repealed (6.3.1992 with effect as mentioned in s. 289 (1)(2) of the repealing Act) by Taxation of Chargeable Gains Act 1992 (c. 12), s. 290, **Sch. 12** (with ss. 60, 101(1), 201(3), Sch. 11 paras. 22, 26(2), 27).

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