



Finance Act 1995

1995 CHAPTER 4

PART V

STAMP DUTY

149 Transfer: associated bodies.

- (1) Section 42 of the ^{M1}Finance Act 1930 (relief from transfer stamp duty in case of transfer of property as between associated bodies corporate) shall be amended as mentioned in subsections (2) to (5) below.
- (2) In subsection (2) (as substituted by section 27(2) of the ^{M2}Finance Act 1967) for the words from “that the effect” to the end of the subsection there shall be substituted “that—
 - (a) the effect of the instrument is to convey or transfer a beneficial interest in property from one body corporate to another, and
 - (b) the bodies in question are associated at the time the instrument is executed.”
- (3) The following subsections shall be inserted after subsection (2) (as so substituted)—
 - “(2A) For the purposes of this section bodies corporate are associated at a particular time if at that time one is the parent of the other or another body corporate is the parent of each.
 - (2B) For the purposes of this section one body corporate is the parent of another at a particular time if at that time the first body is beneficial owner of not less than 75 per cent. of the ordinary share capital of the second body.”
- (4) In subsection (3) (as so substituted) for “(2)” there shall be substituted “ (2B) ”, and the words from “with the substitution” to the end shall be omitted.
- (5) The following subsection shall be inserted after subsection (3) (as so substituted)—
 - “(4) In this section “ordinary share capital”, in relation to a body corporate, means all the issued share capital (by whatever name called) of the body corporate,

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other than capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the body corporate.”

- (6) In section 27 of the ^{M3}Finance Act 1967 (which relates to section 42 of the ^{M4}Finance Act 1930) in subsection (3)(c) for the words from “a change” to “third body corporate” there shall be substituted “ the transferor or a third body corporate ceasing to be the transferee’s parent (within the meaning of the said section 42) ”.
- (7) This section shall apply in relation to instruments executed on or after the day on which this Act is passed.

Marginal Citations

- M1** 1930 c. 28.
M2 1967 c. 54.
M3 1967 c. 54.
M4 1930 c. 28.

150 Northern Ireland transfer: associated bodies.

- (1) Section 11 of the ^{M5}Finance Act (Northern Ireland) 1954 (relief from stamp duty in case of transfer of property between associated bodies corporate) shall be amended as follows.
- (2) In subsection (2)(c)(iii) for the words from “a change” to “third body corporate” there shall be substituted “ the transferor or a third body corporate ceasing to be the transferee’s parent ”.
- (3) The following subsections shall be substituted for subsection (3)—
- “(3) For the purposes of this section a body corporate is associated with another body corporate at a particular time if at that time one is the parent of the other or another body corporate is the parent of each.
- (3AA) For the purposes of this section one body corporate is the parent of another at a particular time if at that time the first body is beneficial owner of not less than 75 per cent. of the ordinary share capital of the second body.”
- (4) In subsection (3A) for the words “paragraphs (i) and (ii) of subsection (3)” there shall be substituted “ subsection (3AA) ”, and the words from “with the substitution” to the end shall be omitted.
- (5) The following subsection shall be inserted after subsection (3A)—
- “(3AB) In this section “ordinary share capital”, in relation to a body corporate, means all the issued share capital (by whatever name called) of the body corporate, other than capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the body corporate.”
- (6) This section shall apply in relation to instruments executed on or after the day on which this Act is passed.

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Marginal Citations

M5 1954 c. 23 (N.I.).

151 Lease or tack: associated bodies.

(1) Stamp duty under [^{F1}Part II of Schedule 13 to the Finance Act 1999 (lease)] shall not be chargeable on an instrument which is—

- (a) a [^{F2}lease],
- (b) an agreement for a [^{F2}lease], or
- (c) an agreement with respect to a letting,

as respects which the condition in subsection (2) below is satisfied. [^{F3}This subsection is subject to subsection (4A) below.]

(2) The condition is that it is shown to the satisfaction of the Commissioners of Inland Revenue that—

- (a) the lessor is a body corporate and the lessee is another body corporate,
- (b) those bodies are associated at the time the instrument is executed,
- (c) in the case of an agreement, the agreement is for the [^{F4}lease] or letting to be granted to the lessee or to a body corporate which is associated with the lessee at the time the instrument is executed, and
- (d) the instrument is not executed in pursuance of or in connection with an arrangement falling within subsection (3) below.

(3) An arrangement falls within this subsection if it is one under which—

- (a) the consideration, or any part of the consideration, for the [^{F4}lease] or agreement was to be provided or received (directly or indirectly) by a person other than a body corporate which at the relevant time was associated with either the lessor or the lessee, or
- (b) the lessor and the lessee were to cease to be associated by reason of the lessor or a third body corporate ceasing to be the lessee's parent;

and the relevant time is the time of the execution of the instrument.

(4) Without prejudice to the generality of paragraph (a) of subsection (3) above, an arrangement shall be treated as within that paragraph if it is one under which the lessor or the lessee or a body corporate associated with either at the relevant time was to be enabled to provide any of the consideration, or was to part with any of it, by or in consequence of the carrying out of a transaction which involved (or transactions any of which involved) a payment or other disposition by a person other than a body corporate associated with the lessor or the lessee at the relevant time.

[^{F5}(4A) An instrument shall not be exempt from stamp duty by virtue of subsection (1) above if at the time the instrument is executed arrangements are in existence by virtue of which at that or some later time any person has or could obtain, or any persons together have or could obtain, control of the lessee but not of the lessor.]

(5) An instrument mentioned in subsection (1) above shall not be treated as duly stamped unless—

- (a) it is duly stamped in accordance with the law that would apply but for that subsection, or

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- (b) it has, in accordance with section 12 of the ^{M6}Stamp Act 1891, been stamped with a particular stamp denoting either that it is not chargeable with any duty or that it is duly stamped.
- (6) In this section—
- (a) references to the lessor are to the person granting the [^{F6}lease] or (in the case of an agreement) agreeing to grant the [^{F6}lease] or letting;
- (b) references to the lessee are to the person being granted the [^{F6}lease] or (in the case of an agreement) agreeing for the [^{F6}lease] or letting to be granted to him or another.
- (7) For the purposes of this section bodies corporate are associated at a particular time if at that time one is the parent of the other or another body corporate is the parent of each.
- (8) For the purposes of this section one body corporate is the parent of another at a particular time if at that time the first body.
- [^{F7}(a)] is beneficial owner of not less than 75 per cent. of the ordinary share capital of the second body.
- [^{F7}(b)] is beneficially entitled to not less than 75 per cent of any profits available for distribution to equity holders of the second body; and
- [^{F7}(c)] would be beneficially entitled to not less than 75 per cent of any assets of the second body available for distribution to its equity holders on a winding-up.]
- (9) In subsection (8) above “ordinary share capital”, in relation to a body corporate, means all the issued share capital (by whatever name called) of the body corporate, other than capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the body corporate.
- (10) The ownership referred to in [^{F8}paragraph (a) of] subsection (8) above is ownership either directly or through another body corporate or other bodies corporate, or partly directly and partly through another body corporate or other bodies corporate; and Part I of Schedule 4 to the ^{M7}Finance Act 1938 (determination of amount of capital held through other bodies corporate) shall apply for the purposes of [^{F9}that paragraph].
- [^{F10}(10A)] [^{F11}Chapter 6 of Part 5 of the Corporation Tax Act 2010] shall apply for the purposes of paragraphs (b) and (c) of subsection (8) as it applies for the purposes of [^{F12}section 151(4)(a) and (b)] of that Act; but this is subject to subsection (10B).
- [^{F10}(10B)] In determining for the purposes of this section whether a body corporate is the parent of the lessor, [^{F13}sections 171(1)(b) and (3), 173, 174 and 176 to 178 of the Corporation Tax Act 2010] shall not apply for the purposes of paragraph (b) or (c) of subsection (8) above.
- [^{F10}(10C)] In this section, “control” shall be construed in accordance with [^{F14}section 1124 of the Corporation Tax Act 2010].]
- (11) This section shall apply in relation to instruments executed on or after the day on which this Act is passed.

Textual Amendments

- F1** Words in s. 151(1) substituted (27.7.1999 with effect as mentioned s. 112(6) of the amending Act) by 1999 c. 16, s. 112(4)(6), **Sch. 14 para. 33(a)** (with s. 122(1)-(3))
- F2** Words in s. 151(1)(a)(b) substituted (27.7.1999 with effect as mentioned s. 112(6) of the amending Act) by 1999 c. 16, s. 112(4)(6), **Sch. 14 para. 33(b)** (with s. 122(1)-(3))

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- F3** Words in s. 151(1) inserted (28.7.2000 with effect as mentioned in s. 125(7) of the amending Act) by 2000 c. 17, s. 125(2)(7)
- F4** Words in s. 151(2)(c)(3)(a) substituted (27.7.1999 with effect as mentioned s. 112(6) of the amending Act) by 1999 c. 16, s. 112(4)(6), **Sch. 14 para. 33(b)** (with s. 122(1)-(3))
- F5** S. 151(4A) inserted (28.7.2000 with effect as mentioned in s. 125(7) of the amending Act) by 2000 c. 17, s. 125(3)(7)
- F6** Words in s. 151(6)(a)(b) substituted (27.7.1999 with effect as mentioned s. 112(6) of the amending Act) by 1999 c. 16, s. 112(4)(6), **Sch. 14 para. 33(b)** (with s. 122(1)-(3))
- F7** S. 151(8)(b)(c) and “(a)” in s. 151(8) inserted (28.7.2000 with effect as mentioned in s. 125(7) of the amending Act) by 2000 c. 17, s. 125(4)(7)
- F8** Words in s. 151(10) inserted (28.7.2000 with effect as mentioned in s. 125(7) of the amending Act) by 2000 c. 17, s. 125(5)(a)(7)
- F9** Words in s. 151(10) substituted (28.7.2000 with effect as mentioned in s. 125(7) of the amending Act) by 2000 c. 17, s. 125(5)(b)(7)
- F10** S. 151(10A)-(10C) inserted (28.7.2000 with effect as mentioned in s. 125(7) of the amending Act) by 2000 c. 17, s. 125(6)(7)
- F11** Words in s. 151(10A) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 287(2)(a)** (with Sch. 2)
- F12** Words in s. 151(10A) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 287(2)(b)** (with Sch. 2)
- F13** Words in s. 151(10B) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 287(3)** (with Sch. 2)
- F14** Words in s. 151(10C) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 287(4)** (with Sch. 2)

Modifications etc. (not altering text)

- C1** S. 151 restricted (retrospective to 24.4.2002) by Finance Act 2002 (c. 23), s. 111(4)(b)(10), Sch. 34

Marginal Citations

- M6** 1891 c. 39.
M7 1938 c. 46.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1995, Part V.