



# Finance Act 1997

## 1997 CHAPTER 16

### PART V

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

##### *Chargeable gains*

#### **88 Conversion of securities: QCBs and debentures.**

- (1) The Taxation of Chargeable Gains Act 1992 shall be amended as follows.
- (2) In paragraph (a) of subsection (3) of section 132 (meaning of conversion of securities)  
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  - (a) after “includes” there shall be inserted “ any of the following, whether effected by a transaction or occurring in consequence of the operation of the terms of any security or of any debenture which is not a security, that is to say ”;
  - (b) after sub-paragraph (i) there shall be inserted the following sub-paragraphs—
    - “(ia) a conversion of a security which is not a qualifying corporate bond into a security of the same company which is such a bond, and
    - (ib) a conversion of a qualifying corporate bond into a security which is a security of the same company but is not such a bond, and”.
- (3) After that subsection there shall be inserted the following subsections—
  - “(4) In subsection (3)(a)(ia) above the reference to the conversion of a security of a company into a qualifying corporate bond includes a reference to—
    - (a) any such conversion of a debenture of that company that is deemed to be a security for the purposes of section 251 as produces a security of that company which is a qualifying corporate bond; and
    - (b) any such conversion of a security of that company, or of a debenture that is deemed to be a security for those purposes, as produces a

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debenture of that company which, when deemed to be a security for those purposes, is such a bond.

- (5) In subsection (3)(a)(ib) above the reference to the conversion of a qualifying corporate bond into a security of the same company which is not such a bond includes a reference to any conversion of a qualifying corporate bond which produces a debenture which—
- (a) is not a security; and
  - (b) when deemed to be a security for the purposes of section 251, is not such a bond.”
- (4) In section 116(2) (qualifying corporate bonds), after the word “section”, in the first place where it occurs, there shall be inserted “ references to a transaction include references to any conversion of securities (whether or not effected by a transaction) within the meaning of section 132 and ”.
- (5) In section 251(6) (deemed securities), after paragraph (d) there shall be inserted—
- “and any debenture which results from a conversion of securities within the meaning of section 132, or is issued in pursuance of rights attached to such a debenture, shall be deemed for the purposes of this section to be a security (as defined in that section).”
- (6) This section has effect for the purposes of the application of the <sup>M1</sup>Taxation of Chargeable Gains Act 1992 in relation to any disposal on or after 26th November 1996 and shall so have effect, where a conversion took place at a time before that date, as if it had come into force before that time.

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**Marginal Citations**

**M1** 1992 c. 12.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1997, Section 88.