



Finance Act 1998

1998 CHAPTER 36

PART V

OTHER TAXES

Stamp duty reserve tax

151 Depositary receipts and clearance services: exchanges of shares.

- (1) In section 95 of the Finance Act 1986 (depository receipts; exceptions) in subsection (3) (exchanges) after paragraph (b) there shall be added— “ and the shares in company Y are held under a depository receipt scheme. ”
- (2) At the end of that section there shall be added—
 - “(5) For the purposes of subsection (3) above, the cases where shares are held under a depository receipt scheme are those cases where, in pursuance of an arrangement,—
 - (a) a depository receipt for chargeable securities has been, or is to be, issued by a person falling within section 93(2) above in respect of the shares in question or shares of the same kind and amount; and
 - (b) the shares in question are held by that person, or by a person whose business is or includes holding chargeable securities as nominee or agent for that person, towards the eventual satisfaction of the entitlement of the receipt’s holder to receive chargeable securities.
- (6) Where an arrangement is entered into under which—
 - (a) shares in a company (company X) are issued to persons in respect of their holdings of shares in another company (company Y), and
 - (b) the shares in company Y are cancelled,the issue shall be treated for the purposes of subsection (3) above as an issue by company X in exchange for the shares in company Y.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1998, Cross Heading: Stamp duty reserve tax. (See end of Document for details)

- (7) In this section “depository receipt for chargeable securities” has the same meaning as in section 93 above (see section 94 above).”
- (3) In section 97 of the ^{M1}Finance Act 1986 (clearance services: exceptions) in subsection (4) (exchanges) after paragraph (b) there shall be added— “ and the shares in company Y are held under a clearance services scheme. ”
- (4) At the end of that section there shall be added—
- “(6) For the purposes of subsection (4) above, the cases where shares are held under a clearance services scheme are those cases where—
- (a) an arrangement falling within paragraph (a) of subsection (1) of section 96 above has been entered into; and
 - (b) in pursuance of that arrangement, the shares are held by the person referred to in that paragraph as A or by a person whose business is or includes holding chargeable securities as nominee for that person.
- (7) Where an arrangement is entered into under which—
- (a) shares in a company (company X) are issued to persons in respect of their holdings of shares in another company (company Y), and
 - (b) the shares in company Y are cancelled,
- the issue shall be treated for the purposes of subsection (4) above as an issue by company X in exchange for the shares in company Y.”
- (5) In section 99(10) of the ^{M2}Finance Act 1986 (which makes provision in relation to the interpretation of “chargeable securities” in sections 93, 94, 96 and 97A)—
- (a) after “94,” there shall be inserted “ 95, ”; and
 - (b) after “96” there shall be inserted “ , 97 ”.
- (6) This section applies where the issue by company X referred to in section 95(3) or (6) or 97(4) or (7) of the ^{M3}Finance Act 1986 is an issue on or after 1st May 1998.

Marginal Citations

- M1** 1986 c. 41.
M2 1986 c. 41.
M3 1986 c. 41.

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