

*Status: Point in time view as at 10/07/2003.*

*Changes to legislation: Finance Act 2003, Cross Heading: Stamp duty and stamp duty reserve tax is up to date with all changes known to be in force on or before 01 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 40

#### ACQUISITION BY COMPANY OF ITS OWN SHARES

##### *Stamp duty and stamp duty reserve tax*

- 2 In section 66 of the Finance Act 1986 (c. 41) (stamp duty: company's purchase of own shares)—
- (a) in subsection (2)—
    - (i) for “The return which relates to the shares” substitute “ Any return which relates to any of the shares ”,
    - (ii) after “169” insert “ (1) or (1B) ”, and
    - (iii) after “transferring the shares” insert “ to which it relates ”,
  - (b) after that subsection insert—
    - “(2A) Any return which relates to the cancellation of any of the shares purchased and is delivered to the registrar of companies under section 169A of the Companies Act 1985 shall be chargeable under this subsection with stamp duty of £5.”, and
  - (c) in subsection (3), after “169” insert “ (1) or (1B) ”.
- 3 In section 90 of that Act (exemptions from stamp duty reserve tax), after subsection (7) insert—
- “(7A) Section 87 above does not apply as regards an agreement to transfer any shares in a company which are held by the company (whether in accordance with section 162A of the Companies Act 1985 (treasury shares) or otherwise).”.
- 4 (1) Section 92 of that Act (stamp duty reserve tax: repayment or cancellation of tax) is amended as follows.
- (2) After subsection (1B) insert—
- “(1C) If, as regards an agreement to transfer shares in a company to that company (“the own-shares agreement”)—
- (a) tax is charged under section 87 above, and
  - (b) it is proved to the Board's satisfaction that at a time in the period of six years beginning on the relevant day (as defined in section 87(3)) the conditions mentioned in subsection (1D) have been fulfilled in respect of those shares,
- subsections (2) to (4A) apply.
- (1D) The conditions referred to in subsection (1C) are—
- (a) that, in relation to the transfer made in pursuance of the own-shares agreement, a return has been made in respect of each of those shares

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- in accordance with section 169(1) or (1B) of the Companies Act 1985 (disclosure by company of purchase of own shares), and
- (b) that any such return has been duly stamped in accordance with section 66.”.

(3) In subsection (2), after “subsection (1)” insert “ or, as the case may be, (1C) ”.

5 In Schedule 13 to the Finance Act 1999 (c. 16) (stamp duty: instruments chargeable and rates of duty), in Part 1 (conveyance or transfer on sale), in paragraph 1 (stamp duty charge), after sub-paragraph (2) insert—

“(3) Sub-paragraph (1) is subject to sub-paragraphs (4) to (6).

(4) Where a company acquires any shares in itself by virtue of section 162 of the Companies Act 1985 (power of company to purchase own shares) or otherwise, sub-paragraph (1) does not apply to any instrument by which the shares are transferred to the company.

(5) Where a company holds any shares in itself by virtue of section 162A of that Act (treasury shares) or otherwise, any instrument to which sub-paragraph (6) applies is to be treated for the purposes of this Schedule as a conveyance otherwise than on sale, and paragraph 16 applies accordingly.

(6) This sub-paragraph applies to any instrument for the sale or transfer of any of the shares by the company, other than an instrument which, in the absence of sub-paragraph (5), would be an instrument in relation to which—

- (a) section 67(2) of the Finance Act 1986 (transfer to person whose business is issuing depository receipts etc), or
- (b) section 70(2) of that Act (transfer to person who provides clearance services etc),

applied.”.

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