



# Finance Act 1947

## 1947 CHAPTER 35

### PART VI

#### STAMP DUTIES.

##### *Increase of existing duties.*

#### **52 Increase of existing duties and provisions consequential thereon.**

- (1) Subject to the following provisions of this Part of this Act, the stamp duties chargeable under the provisions mentioned in this section shall, as from the first day of August, nineteen hundred and forty-seven, be double the duties which would have been chargeable immediately before that day.
- (2) The said provisions are—
  - (a) the following headings or parts of headings in the First Schedule to the Stamp Act, 1891, namely,—
    - (i) Bond, Covenant or Instrument;
    - (ii) Conveyance or Transfer, whether on sale or otherwise;
    - (iii) Conveyance or Transfer on sale ;
    - (iv) Lease or Tack ;
    - (v) Letter of Allotment and Letter of Renunciation and Scrip Certificate, Scrip or other document;
    - (vi) Marketable Security, except paragraph (2) of the heading (which charges certain transfers, etc. with a fixed duty of ten shillings) ;
    - (vii) Mortgage, Bond, Debenture, Covenant and Warrant of Attorney ;
    - (viii) Share Warrant and Stock Certificate to Bearer;
  - (b) the following further provisions relating to stocks and marketable securities, contract notes, compositions for duty on transfers of stocks, etc. and loan capital, namely—
    - (i) section eight of the Colonial Stock Act, 1877 ;

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- (ii) section one hundred and fourteen of the Stamp Act, 1891, and section thirty-seven of the Finance Act, 1939;
  - (iii) section one hundred and fifteen of the Stamp Act, 1891 ;
  - (iv) sections four and eight of the Finance Act, 1899 ;
  - (v) sections seventy-seven and seventy-nine of the Finance (1909-10) Act, 1910 ;
  - (vi) subsection (2) of section thirteen of the Finance Act, 1911 ;
  - (vii) subsection (2) of section fifty-five of the Finance Act, 1946 ;
  - (c) any other provision in so far as it charges duty by reference to the provisions specified in sub-paragraphs (i), (ii), (iii), (iv) and (vii) of paragraph (a) of this subsection.
- (3) As from the said first day of August, the references to the duty of one penny and the duty of sixpence on a letter of renunciation in subsection (2) of section seventy-nine of the Stamp Act, 1891, and subsection (3) of section nine of the Finance Act, 1899 (which both provide for payment by adhesive stamps), shall be construed as references to the duty of twopence and the duty of a shilling..
- (4) Subsection (1) of section ten of the Finance Act, 1907 (which provides for a repayment in respect of duty where loan capital is applied for the purposes of the conversion or consolidation of existing capital), shall have effect, in relation to duty paid at the increased rate provided for by this section, with the substitution of the words " four shillings " for the words " two shillings ".'

### **53 Transitional provisions as to compositions for transfers of stock, etc. and "as to loan capital.**

- (1) The duty chargeable under section one hundred and fifteen of the Stamp Act, 1891, on any half yearly account required to be delivered on or within seven days before the first day of August, nineteen hundred and forty-seven, shall be the same as if the account had been delivered on the said first day of August ; and, where any such account has been delivered before the passing of this Act and the full amount of the duty thereon has not been paid in accordance with this subsection, a supplementary account shall be delivered, and the additional duty shall be paid, within fifteen days thereafter.
- (2) In the event of any neglect or failure to deliver a supplementary account or to pay any additional duty in compliance with the foregoing subsection, the said section one hundred and fifteen shall apply as it applies in relation to a neglect or failure under that section.
- (3) Where delivery of a statement of loan capital for the purposes of section eight of the Finance Act, 1899, which should otherwise have taken place before the said first day of August has, under subsection (2) of section ten of the Finance Act, 1907, been postponed to that or a later day, the duty chargeable on the statement so far as it relates to capital issued before the said first day of August shall be the same as if this Act had not been passed.
- (4) Any agreement entered into for the purposes of section thirty-seven of the Finance Act, 1939, before the passing of this Act shall, so far as it relates to payments to be made on or after the said first day of August, have effect as if it provided for the making of those payments at the increased rate at which duty is chargeable under that section by virtue of this Act.

(5) Notwithstanding anything in the last foregoing section, the duty chargeable on a conveyance or transfer on sale of any stock or marketable security, though first executed on or after the said first day of August, shall be the same as if this Act had not been passed, in any case where the Commissioners are satisfied either that—

- (a) the instrument gives effect to a sale made before the said first day of August and does not give effect to a sale made on or after that day ; and
- (b) the instrument or the document of title to the stock or marketable security had to be sent to Great Britain from overseas ;

or that the instrument, signed by or on behalf of the vendor or vendors, was lodged for certification before the said first day of August.

For the purposes of this subsection an instrument sent by post for certification shall be deemed to be lodged on the day on which it is posted.

#### **54 Savings for certain conveyances and leases.**

(1) This Part of this Act so far as it increases any duty chargeable under or by reference to the heading " Conveyance or Transfer whether on sale or otherwise," the heading " Conveyance or Transfer on sale," or the heading " Lease or Tack," in the First Schedule to the Stamp Act, 1891, shall not apply in any case where the conveyance, transfer or letting is made or agreed to be made to a body of persons established for charitable purposes only or to the trustees of a trust so established :

Provided that no instrument not stamped with the duty to which it would apart from this subsection be liable shall be deemed by virtue of this subsection to be duly stamped unless it has in accordance with the provisions of section twelve of the Stamp Act, 1891, been stamped with a particular stamp denoting that it is duly stamped.

(2) This Part of this Act, so far as it increases any duty chargeable under or by reference to the heading " Lease or Tack " in the First Schedule to the Stamp Act, 1891, shall not apply in any case where there is no consideration consisting of money, stock or security, other than rent, and—

- (a) the term does not exceed thirty-five years or is indefinite ; and
- (b) the rent, whether reserved as a yearly rent or otherwise, is at a rate or average rate not exceeding one hundred pounds a year.

(3) This Part of this Act, so far as it increases any duty chargeable under or by reference to the heading " Conveyance or Transfer on sale " in the said First Schedule shall not apply, except as hereafter provided in this section,—

- (a) in any case where the amount or value of the consideration for the sale does not exceed fifteen hundred pounds and the instrument contains a statement certifying that the transaction thereby effected does not form part of a larger transaction or of a series of transactions, in respect of which the amount or value, or the aggregate amount or value, of the consideration exceeds fifteen hundred pounds ; or
- (b) in any case where the amount or value of the consideration for the sale exceeds fifteen hundred pounds but does not exceed nineteen hundred and fifty pounds and the instrument contains a statement certifying that the transaction thereby effected does not form part of a larger transaction or of a series of transactions :

Provided that this subsection shall not affect any duty chargeable under or by reference to that heading as it applies to a conveyance or transfer of stock or marketable

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securities, or any duty chargeable by reference to that heading by virtue of the said heading " Lease or Tack " where part of the consideration consists of rent and that rent exceeds the sum of twenty pounds a year.

- (4) In any such case as is mentioned in paragraph (b) of the last foregoing subsection, the duty chargeable apart from this provision shall be increased by two pounds for every fifty pounds or fractional part of fifty pounds by which the amount or value of the consideration exceeds fifteen hundred pounds.
- (5) In the two last foregoing subsections any reference to the amount or value of any consideration shall be construed—
  - (a) in relation to duty chargeable on a conveyance or transfer operating as a voluntary disposition inter vivos, as a reference to the value of the property; and
  - (b) in relation to duty chargeable by virtue of the said heading " Lease or Tack ", as a reference to the amount or value of the consideration in money, stock or security, other than rent.
- (6) An instrument containing the statement required by section seventy-three of the Finance (1909-10) Act, 1910, or by section fifteen of the Revenue Act, 1911, for the purpose of obtaining exemption thereunder shall not be required to contain any additional statement for the purpose of obtaining exemption under paragraph (a) of subsection (3) of this section from the increase of duty under this Part of this Act.

## **55 Savings for maximum rates.**

- (1) This Part of this Act, so far as it increases the duty chargeable under any provision, shall not affect the operation of any enactment directing that the amount of duty under that provision shall not exceed a figure specified in that enactment.
- (2) This Part of this Act, so far as it increases the duty chargeable by reference to the heading " Mortgage, Bond, Debenture, Covenant and Warrant of Attorney " in the First Schedule to the Stamp Act, 1891, shall not increase the duty chargeable under the heading in that Schedule " Bond given pursuant to the directions of any Act " or under the heading in that Schedule " Bond of any kind whatsoever not specifically charged with any duty " beyond the maximum amount chargeable thereunder immediately before the passing of this Act, and accordingly—
  - (a) under the said heading " Bond given pursuant to the directions of any Act ", five shillings shall be the amount of the duty where the penalty of the bond exceeds one hundred pounds (instead of one hundred and fifty pounds) ; and
  - (b) under the said heading " Bond of any kind whatsoever not specifically charged with any duty ", ten shillings shall be the amount of the duty where the amount limited to be recoverable exceeds two hundred pounds (instead of three hundred pounds).

*Other provisions as to existing duties.*

## **56 Repeal or reduction of duties on legal professions.**

- (1) The following headings in the First Schedule to the Stamp Act, 1891, shall cease to have effect, namely—
  - (a) Admission in England of any person to the degree of barrister-at-law ;

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- (b) Admission in Scotland of any person as an advocate ;
- (c) Admission of any person to be a member of either of the four Inns of Court in England ;
- (d) Admission of any person as a solicitor of the Supreme Court in England ;
- (e) Admission in Scotland of any person as a law agent (both paragraphs) ;
- (f) Faculty, Licence, Commission or Dispensation for admitting or authorising any person to act as a notary public ;

and no stamp duty shall be payable on the admission of any person as a solicitor under section thirty-five of the Solicitors Act, 1932, or, in Scotland, section one of the Colonial Solicitors Act, 1900.

- (2) The duty chargeable under either of the headings " Articles of Clerkship " in the said First Schedule shall in all cases be two shillings and sixpence and accordingly for those headings there shall be substituted the following heading :—

	“s.	d.
Articles of Clerkship whereby any person becomes bound to serve as a clerk in order to his admission as a solicitor of the Supreme Court in England or as a solicitor in Scotland	2	6”.

- (3) The duty chargeable under the heading " Certificate to be taken out yearly" in the said First Schedule shall be one twentieth of the amount chargeable immediately before the coming into force of this subsection.
- (4) This section shall be deemed to have come into operation on the sixth day of April, nineteen hundred and forty-seven, and where it is shown to the satisfaction of the Commissioners that any stamp duty has on or after that date become payable and been paid at the rates in force apart from the provisions of this section, the Commissioners shall repay to the person who paid that duty the difference between the duty which was paid and the duty (if any) payable by virtue of this section.

## **57 Exemption of transfers of stock guaranteed by Treasury.**

- (1) Where the payment of principal and interest on any stock to which this section applies is guaranteed by the Treasury, transfers of the stock shall be exempt from all stamp duties.
- (2) This section applies to all stock issued by any of the following bodies, that is to say :—  
The British Overseas Airways Corporation ;  
The North of Scotland Hydro-Electric Board ;  
The British European Airways Corporation ; and  
The British South American Airways Corporation ;  
and to any other stock to which it may be applied by direction of the Treasury, being stock issued by a body corporate constituted for the purposes of any scheme for the carrying on of any industry or part of an industry, or of any undertaking, under national ownership or control which may be embodied in any Act passed after the beginning of the present Session.

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**58 Extension and explanation of charge on customs bonds.**

- (1) As from the first day of August, nineteen hundred and forty-seven, in the heading " Bond given pursuant to the directions of any Act " in the First Schedule to the Stamp Act, 1891, any reference to duties of excise or customs shall include a reference to purchase tax and, in relation to purchase tax, the expression " drawback " shall include allowance.
- (2) It is hereby declared that in the said heading and in subsection (1) of section five of the Finance Act, 1905 (which extends the exemption under that heading), references to shipping include references to lading on an aircraft.

**59 Time for payment of companies capital duty by statutory companies.**

- (1) Section one hundred and thirteen of the Stamp Act, 1891 (which requires delivery of, and charges stamp duty on, a statement of the nominal capital and any increase of the nominal capital of certain statutory and other companies) shall have effect, as respects any capital authorised by an Act or other instrument passed or made during a period of control of capital issues, as if delivery of the statement were thereby required to be made within one month after the end of the year in which the capital is issued or the said period ends, whichever first occurs (instead of within one month after the passing or making of the Act or other instrument) :

Provided that this section shall not apply in relation to a statement which has been or should have been delivered before the coming into force of this section.

- (2) Any reference in this section to a period of control of capital issues shall be taken as referring to any period (whether before or after the passing of this Act) throughout which, by virtue of the Defence (Finance) Regulations, 1939, or any order made under section one of the Borrowing (Control and Guarantees) Act, 1946, the issue of capital in Great Britain is or was subject to restrictions.
- (3) In relation to capital authorised by an Act or other instrument passed or made before the passing of this Act, this section shall have effect notwithstanding anything in that Act or instrument.

*Duty on bonus issues of securities.*

**60 Charge of duty on bonus issues of securities, etc..**

- (1) Where, on or after the sixteenth day of April, nineteen hundred and forty-seven, a company incorporated or formed in Great Britain either—
  - (a) issues any securities ; or
  - (b) varies the rights or liabilities attached to any securities either by increasing the amount of the capital sums which are or may become payable to holders of the securities or by reducing the amount of the capital sums which are or may become payable by them ;

and does so by way of bonus to its members or debenture holders or to those of another company, the company doing so shall deliver to the Commissioners a statement of that fact and of the particulars necessary for the purposes of this section, signed on behalf of the company.

- (2) Every such statement shall be charged with an ad valorem stamp duty of ten pounds for every one hundred pounds and any fraction of one hundred pounds over any multiple of one hundred pounds of the value of the bonus in respect of the securities to which the statement relates, and the amount of the duty shall be a debt due to His Majesty.
- (3) A company delivering a statement for the purposes of this section shall be taken thereby to require the Commissioners to express their opinion thereon under section twelve of the Stamp Act, 1891.
- (4) Where a company makes default in delivering a statement required for the purposes of this section, or in paying the duty thereon within twenty-one days after the date of its assessment, or fails without reasonable excuse to furnish to the Commissioners any evidence required by them under subsection (2) of the said section twelve, the company shall be liable to a fine not exceeding fifty pounds for every day during which the default continues, and shall also be liable to pay His Majesty, in addition to the duty, interest thereon at the rate of five per cent. per annum from the date when the default begins.
- (5) For the purposes of this section the expression " securities " means shares and debentures, and the expression " shares " and the expression " debentures " have the same meanings as in the Companies Act, 1929.

## **61 Special provisions as to issue of securities.**

- (1) Notwithstanding anything in the last foregoing section a statement shall not be required thereby in relation to any issue of securities for which permission was given under the Defence (Finance) Regulations, 1939, before the sixteenth day of April, nineteen hundred and forty-seven, and a statement relating to an issue of securities shall not be chargeable with any duty under that section if the issue was decided upon by the company and announced to the members or debenture holders concerned before that day or, if the issue is made by way of bonus to members or debenture holders of a company other than that issuing the securities and forms part of a bona fide scheme for the amalgamation or grouping of two or more businesses including that of the other company.
- (2) For the purposes of the last foregoing section, securities shall be deemed to be issued when they are allotted, and to be issued by way of bonus to members or debenture holders of a company, if—
  - (a) the right to the securities (whether or not it may be renounced or assigned) is conferred on those members or debenture holders or any class of them as such ; or
  - (b) the securities are issued in pursuance—
    - (i) of an offer made specially to those members or debenture holders or any class of them as such (including an offer providing special terms for them as compared with persons who are not members or debenture holders of the company) ; or
    - (ii) of applications to which preference is given as being made by or in right of those members or debenture holders or any class of them as such :

Provided that this subsection shall not apply to securities issued under a scheme of arrangement to preference shareholders as consideration for relinquishment by them of rights to arrears of preference dividend.

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(3) Subject to the following provisions of this section the value of the bonus, as respects any securities issued by way of bonus to members or debenture holders of a company, shall be taken to be the amount (if any) by which the aggregate amount or value of the consideration received or receivable by the company issuing the securities is less than the following amount, that is to say :—

- (a) if letters of right relating to the securities are or have been quoted on a recognised stock exchange (within the meaning of the Prevention of Fraud. (Investments) Act, 1939), the aggregate value of the letters of right on the day of the first quotation ;
- (b) if no such letters of right are or have been quoted as aforesaid but the securities are or have been so quoted within one month after allotment, the aggregate value of the securities on the day of the first quotation ;
- (c) in any other case, the aggregate value of the securities at the date of allotment:

Provided that where, apart from this provision, this subsection would apply to different securities of the same class comprised in the same issue so as to require the value of the bonus to be determined in relation to them in different ways or as at different dates, and the consideration received or receivable by the company issuing the securities is the same, the value of the bonus as respects those securities shall be taken to be the amount arrived at by—

- (i) applying this subsection to those of the securities in relation to which the value of the bonus falls to be determined as at the earliest date ; and
- (ii) increasing the resulting amount in the proportion which the total number of the securities bears to the number of those to which the subsection is so applied.

(4) Subject to the next following subsection, in determining the value of the bonus as respects any securities issued by way of bonus to members or debenture holders of a company,—

- (a) the value of the securities or the letters of right, as the case may be, shall be determined according to the same principles as would apply for the purposes of estate duty apart from the special provisions of sections fifty-five and fifty-six of the Finance Act, 1940 ; and
- (b) there shall be disregarded any consideration consisting either—
  - (i) of the retention by the company issuing the securities, by way of set-off or otherwise, of any sums or property distributable among those members or debenture holders ; or
  - (ii) of any prospective liability (whether contingent or not) attached to the securities or the letters of right, as the case may be, or treated as attached thereto in determining their value.

(5) In the case of securities of a private company (within the meaning of the Companies Act, 1929) other than redeemable preference shares and irredeemable debentures or debentures redeemable at a price which is not fixed and the same for all circumstances, —

- (a) the value of the securities shall be taken—
  - (i) in the case of shares to be the same as their nominal value; and
  - (ii) in the case of debentures, to be the same as the price at which they are redeemable ; and
- (b) in determining the amount or value of the consideration, sub-paragraph (ii) of paragraph (b) of the last foregoing subsection shall not apply, but no deduction shall be made in relation to any liability to pay for the securities or any



liability attached to the securities, for the fact that the liability is prospective or contingent.

- (6) Notwithstanding anything in the foregoing provisions of this section where securities are issued by way of bonus to members or debenture holders of a company, the value of the bonus as respects any of the securities shall be taken to be nil if, as determined in accordance with the said provisions, it does not exceed one-twentieth of the amount or value of the consideration received or receivable by the company issuing the security, other than any consideration such as is referred to in sub-paragraph (i) of paragraph (b) of subsection (4) of this section and any consideration consisting of a contingent liability attached to the security.

In determining for the purposes of this subsection the amount or value of the consideration aforesaid, no deduction shall be made in relation to any liability to pay for the security or any liability attached to the security for the fact that the liability is prospective.

- (7) Where any securities are issued by way of bonus to members or debenture holders of a company, a statement shall be delivered under the last foregoing section at the expiration of one month after the earliest date on which any of the securities comprised or to be comprised in the issue are allotted or the date of the passing of this Act, whichever last occurs, and shall relate to all the said securities which have been allotted before the date of its delivery; and where the first statement does not deal with all the said securities a supplementary statement shall be delivered at the expiration of every month thereafter during which any of the said securities are allotted and shall relate to all the said securities which have been allotted before the date of its delivery and have not been dealt with in a previous statement :

Provided that—

- (a) if the company sees fit, securities allotted within one week before the delivery of any statement may be treated as allotted immediately thereafter ; and
  - (b) where the value of the bonus as respects any securities falls to be determined as at a date after their allotment, this subsection shall apply in relation to them as if that were the date on which they were allotted.
- (8) Securities shall also be deemed to be issued by way of bonus to members or debenture holders of a company if paragraph (b) of subsection (2) of this section is satisfied in relation, not to the issue of the securities, but to a sale thereof (or of other securities substituted or to be substituted therefor), being a sale with a view to which the securities were issued or agreed to be issued ; and where this subsection applies—
- (a) references to sale shall be substituted for references to allotment; and
  - (b) any consideration received or receivable on the sale shall be deemed to be received or receivable by the company issuing the securities, instead of the consideration actually received or receivable by it; and
  - (c) references in subsections (3) to (7) of this section to the securities issued by way of bonus shall, where the sale is of substituted securities, be taken as referring to the substituted securities.
- (9) In paragraphs (a) and (b) of the said subsection (2) any reference to a member or debenture holder of a company shall include a reference to the personal representatives of a deceased member or debenture holder.

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**62 Special provisions as to variation of rights or liabilities on securities.**

- (1) Any variation of the rights or liabilities attached to a company's securities shall be deemed for the purposes of the last but one foregoing section to be made by way of bonus to members or debenture holders of the company if made wholly or partly in consideration of the retention by the company, by way of set-off or otherwise, of sums or property distributable among its members or debenture holders.
- (2) In the case of any such variation as aforesaid, the value of the bonus shall be taken to be equal to the amount or value of the sums or property in question, and the statement shall be delivered within one month after the variation becomes effective or after the passing of this Act, whichever last occurs.