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SCHEDULES

SCHEDULE 23

SECURITIES: FURTHER PROVISIONS

PART I

GENERAL INTERPRETATION

Securities

- 1 (1) For the purposes of this Chapter " securities " does not include shares in a company but, subject to sub-paragraph (2) below, includes any loan stock or similar security—
- (a) whether of the Government of the United Kingdom, any other government, any public or local authority in the United Kingdom or elsewhere, or any company or other body, and
 - (b) whether or not secured, whether or not carrying a right to interest of a fixed amount or at a fixed rate per cent, of the nominal value of the securities, and whether or not in bearer form.
- (2) For the purposes of this Chapter " securities " does not include—
- (a) securities on which the whole of the return is a distribution by virtue of paragraph (d)(iv) of section 233(2) of the Taxes Act;
 - (b) national savings certificates (including Ulster savings certificates) ;
 - (c) war savings certificates ;
 - (d) certificates of deposit (which expression has here the same meaning as in section 55 of the Finance Act 1968);
 - (e) any security which fulfils the following conditions, namely, it is redeemable, the amount payable on its redemption exceeds its issue price, and no return other than the amount of that excess is payable on it.
- (3) For the purposes of this Chapter securities are of the same kind if they are treated as being of the same kind by the practice of a recognised stock exchange in the United Kingdom or elsewhere, or would be so treated if dealt with on such a stock exchange.

Transfers, holding etc.

- 2 (1) This paragraph applies for the purposes of this Chapter.
- (2) "Transfer", in relation to securities, means transfer by way of sale, exchange, gift or otherwise.
- (3) Where an agreement for the transfer of securities is made, they are transferred, and the person to whom they are agreed to be transferred becomes entitled to them, when the agreement is made and not on a later transfer made pursuant to the agreement.

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- (4) " Entitled", " transfer" and cognate expressions, except in sub-paragraph (3) above, shall be construed in accordance with that sub-paragraph.
- (5) A person holds securities at a particular time if he is entitled to them at the time.
- (6) A person holds securities on a day if he is entitled to them throughout the day, or he becomes and does not cease to be entitled to them on the day.
- (7) A person acquires securities when he becomes entitled to them.
- (8) Where—
 - (a) one individual holds securities at a particular time, and
 - (b) any interest on them would, if it became payable at that time, be treated for the purposes of the Tax Acts as part of another individual's income,
 then, for the purposes of the provisions mentioned in sub-paragraph (9) below, each of them shall be treated as holding at that time the securities which the other holds as well as those which he actually holds.
- (9) The provisions are—
 - (a) section 75(1)(b) of this Act,
 - (b) section 75(2)(b) of this Act, so far as relating to section 75(1)(b), and
 - (c) paragraph 5(2)(a) of Schedule 22 to this Act.
- (10) Where, in Scotland, two or more persons carry on a trade or business in partnership, any partnership dealings shall be treated as dealings by the partners and not by the firm as such and the partners as being entitled to securities held by the firm.

Interest and related expressions

- 3 (1) This paragraph applies for the purposes of this Chapter.
- (2) An interest payment day, in relation to securities, is a day on which interest on them is payable; and, in a case where a particular payment of interest may be made on one of a number of days, the interest is for the purposes of this sub-paragraph payable on the first of those days.
- (3) Subject to sub-paragraph (4) below, the following are interest periods in relation to securities—
 - (a) the period beginning with the day following that on which they are issued and ending with the first interest payment day to fall;
 - (b) the period beginning with the day following one interest payment day and ending with the next to fall.
- (4) A period which would (apart from this sub-paragraph) be an interest period exceeding 12 months (a long period) is not an interest period, but the following shall apply to it-
 - (a) the period of 12 months beginning with the day on which it begins is an interest period ;
 - (b) each successive period (if any) of 12 months falling within it is an interest period ;
 - (c) any period of it which remains after applying paragraphs (a) and (b) above is an interest period.

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- (5) Securities are transferred with accrued interest if they are transferred with the right to receive interest payable on—
- (a) the settlement day, if that is an interest payment day, or
 - (b) the next (or first) interest payment day to fall after the settlement day, in any other case,
- and they are transferred without accrued interest if they are transferred without that right.
- (6) The interest applicable to securities for an interest period is (subject to sub-paragraph (7) below) the interest payable on them on the interest payment day with which the period ends.
- (7) In the case of a period which is an interest period by virtue only of sub-paragraph (4) above or paragraph 26(3) below—
- (a) the interest applicable to securities for the period is the interest payable on them on the interest payment day with which the long or straddling period concerned ends, and
 - (b) section 73(8) of this Act shall have effect as if the references to the period were to the long or straddling period concerned.
- (8) "Interest" includes dividends and any other return (however described) except a return consisting of an amount by which the amount payable on a security's redemption exceeds its issue price.

Settlement day

- 4 (1) This paragraph has effect to determine, for the purposes of this Chapter, the settlement day in relation to a transfer of securities.
- (2) Where the securities are transferred in accordance with the rules of a recognised market the settlement day is the day on which the transferee agrees to settle or, if he may settle on one of a number of days, the day on which he settles; and, where they are transferred otherwise, sub-paragraphs (3) to (5) below apply.
- (3) Where the consideration for the transfer is money alone, and the transferee agrees to pay the whole of it on or before the next (or first) interest payment day to fall after an agreement for transfer is made, the settlement day is the day on which he agrees to make the payment or, if payment may be made on one of a number of days, or on a number of different days, the latest of them to fall.
- (4) Where there is no consideration for the transfer, or the transfer is a transfer by virtue of paragraph 7, 12, 13, 14 or 31 below, the settlement day is the day on which the securities are transferred.
- (5) In any other case, the settlement day is such day as an inspector decides ; and the jurisdiction of the General Commissioners or the Special Commissioners on any appeal shall include jurisdiction to review such a decision of the inspector.

Nominal value

- 5 For the purposes of this Chapter the nominal value of securities is—
- (a) where the interest on them is expressed to be payable by reference to a given value, that value, and

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- (b) in any other case, the price of the securities when they were issued.