



# Finance Act 1986

## 1986 CHAPTER 41

### PART III

#### STAMP DUTY

##### *Reconstructions and acquisitions*

#### **77 Acquisition of target company's share capital**

- (1) Stamp duty under the heading "Conveyance or Transfer on Sale" in Schedule 1 to the Stamp Act 1891 shall not be chargeable on an instrument transferring shares in one company (the target company) to another company (the acquiring company) if the conditions mentioned in subsection (3) below are fulfilled.
- (2) An instrument on which stamp duty is not chargeable by virtue only of subsection (1) above shall not be taken to be duly stamped unless it is stamped with the duty to which it would be liable but for that subsection or it has, in accordance with section 12 of the Stamp Act 1891, been stamped with a particular stamp denoting that it is not chargeable with any duty.
- (3) The conditions are that—
  - (a) the registered office of the acquiring company is in the United Kingdom,
  - (b) the transfer forms part of an arrangement by which the acquiring company acquires the whole of the issued share capital of the target company,
  - (c) the acquisition is effected for bona fide commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is avoidance of liability to stamp duty, stamp duty reserve tax, income tax, corporation tax or capital gains tax,
  - (d) the consideration for the acquisition consists only of the issue of shares in the acquiring company to the shareholders of the target company,
  - (e) after the acquisition has been made, each person who immediately before it was made was a shareholder of the target company is a shareholder of the acquiring company,

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*Status: This is the original version (as it was originally enacted).*

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- (f) after the acquisition has been made, the shares in the acquiring company are of the same classes as were the shares in the target company immediately before the acquisition was made,
  - (g) after the acquisition has been made, the number of shares of any particular class in the acquiring company bears to all the shares in that company the same proportion as the number of shares of that class in the target company bore to all the shares in that company immediately before the acquisition was made, and
  - (h) after the acquisition has been made, the proportion of shares of any particular class in the acquiring company held by any particular shareholder is the same as the proportion of shares of that class in the target company held by him immediately before the acquisition was made.
- (4) In this section references to shares and to share capital include references to stock.
- (5) This section applies to any instrument executed on or after 1st August 1986.