



Finance Act 1996

1996 CHAPTER 8

PART VII

MISCELLANEOUS AND SUPPLEMENTAL

Miscellaneous: other matters

202 Gilt stripping.

- (1) In section 47 of the ^{M1}Finance Act 1942 (Treasury regulations with respect to the transfer and registration of Government stock), after paragraph (bb) of subsection (1) there shall be inserted the following paragraphs—
- “(bc) for the exchange of any such stock and bonds (whenever issued) for strips thereof;
 - (bd) for exchanges by which such strips (whether deriving from the same security or from different securities) are consolidated into a single security of a description so specified;”.
- (2) After subsection (1A) of that section (transfer of deceased persons’ stocks and bonds) there shall be inserted the following subsections—
- “(1B) In this section “strip”, in relation to any stock or bond, means a security issued under the ^{M2}National Loans Act 1968 which—
- (a) is issued for the purpose of representing the right to, or of securing—
 - (i) a payment corresponding to a payment of interest or principal remaining to be made under the stock or bond, or
 - (ii) two or more payments each corresponding to a different payment remaining to be so made;
 - (b) is issued in conjunction with the issue of one or more other securities which, together with that security, represent the right to, or secure, payments corresponding to every payment remaining to be made under the stock or bond; and

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- (c) is not itself a security that represents the right to, or secures, payments corresponding to a part of every payment so remaining.
- (1C) For the purposes of subsection (1B) of this section, where the balance has been struck for a dividend on any stock or bond, any payment to be made in respect of that dividend shall, at times falling after that balance has been struck, be treated as not being a payment remaining to be made under the stock or bond.
- (1D) Without prejudice to the generality of the powers conferred by the preceding provisions of this section (but subject to subsection (1E) of this section), regulations made by virtue of paragraph (bc) or (bd) of subsection (1) of this section may—
 - (a) provide, for the purpose of authorising the making of exchanges, for any stock or bonds to be treated as issued on such terms as may be specified in the regulations;
 - (b) contain such provision as the Treasury think fit about the circumstances in which and the conditions subject to which exchanges may be effected; and
 - (c) contain any such provision as could be contained in rules made under section 14(3) of the National Loans Act 1968 (Treasury rules as to exchange of securities).
- (1E) Regulations made by virtue of subsection (1)(bc) or (bd) of this section shall not make provision for the exchange of any stock or bonds, or of any strips, in any cases other than those where the exchange is at the request of the holder or in accordance with an order made by a court.
- (1F) Regulations under this section may make different provision for different cases and contain such exceptions and exclusions as the Treasury think fit; and the powers of the Treasury to make regulations under this section are without prejudice to any of their powers under the ^{M3}National Loans Act 1968.”
- (3) After section 2 of the ^{M4}National Debt (Stockholders Relief) Act 1892 (date for striking balance for a dividend on stock) there shall be inserted the following section—

“2A Payment of dividend on stock stripped after balance struck.

- (1) Where—
 - (a) any stock is exchanged for strips of that stock, and
 - (b) that exchange takes place after the balance has been struck for a dividend on that stock but before the day on which that dividend is payable,
 any person who would have been entitled to that dividend but for the exchange shall remain entitled to that dividend notwithstanding the exchange.
- (2) The Treasury may by order made by statutory instrument provide that for the purposes of this section and section 47(1C) of the ^{M5}Finance Act 1942, the balance for any dividend on any stock is to be deemed to be struck at a time which, by such a period as is specified in the order, precedes the time when the balance is actually struck.
- (3) A period specified in an order under subsection (2) above shall not exceed 7 days; and an order made under that subsection may make different provision for different cases.

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- (4) In this section “strip”, in relation to any stock, has the meaning given by section 47 of the Finance Act 1942.”
- (4) In section 16 of the National Loans Act 1968 (supplemental provisions as to national debt), after subsection (4) there shall be inserted the following subsection—
- “(4A) In subsections (3) and (4) above the references to stock or registered bonds issued under this Act include references to a strip (within the meaning of section 47 of the Finance Act 1942) of any stock or bond (whether the stock or bond is issued under this Act or otherwise).”
- (5) The Treasury may by regulations make provision for securing that enactments and subordinate legislation which—
- (a) apply in relation to government securities or to any description of such securities, or
 - (b) for any other purpose refer (in whatever terms) to such securities or to any description of them,
- have effect with such modifications as the Treasury may think appropriate in consequence of the making of any provision or arrangements for, or in connection with, the issue or transfer of strips of government securities or the consolidation of such strips into other securities.
- (6) Regulations under subsection (5) above may—
- (a) impose a charge to income tax, corporation tax, capital gains tax, inheritance tax, stamp duty or stamp duty reserve tax;
 - (b) include provision applying generally to, or to any description of, enactments or subordinate legislation;
 - (c) make different provision for different cases; and
 - (d) contain such incidental, supplemental, consequential and transitional provision as the Treasury think appropriate.
- (7) The power to make regulations under subsection (5) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.
- (8) Schedule 40 to this Act (which makes provision in relation to strips for taxation purposes) shall have effect.
- (9) The enactments that may be modified by regulations under this section shall include section 95 above and the enactments contained in Schedule 40 to this Act.
- (10) In this section—
- “government securities” means any securities included in Part I of Schedule 11 to the ^{M6}Finance Act 1942;
- “modifications” includes amendments, additions and omissions; and
- “subordinate legislation” has the same meaning as in the ^{M7}Interpretation Act 1978;
- and expressions used in this section and in section 47 of the ^{M8}Finance Act 1942 have the same meanings in this section as in that section.

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Marginal Citations

M1	1942 c. 21.
M2	1968 c. 13.
M3	1968 c. 13.
M4	1892 c. 39.
M5	1942 c. 21.
M6	1942 c. 21.
M7	1978 c. 30.
M8	1942 c. 21.

203 Modification of the Agriculture Act 1993.

- (1) Part I of Schedule 2 to the ^{M9}Agriculture Act 1993 (taxation provisions applying to the reorganisation of the milk marketing boards) shall have effect, and be deemed always to have had effect, in accordance with subsections (2) to (4) below where—
- (a) any approved scheme has made provision as to the functions of a milk marketing board in the period after the transfers taking effect on the vesting day under section 11 of that Act;
 - (b) regulations have been made by virtue of section 14(2) of that Act (provision following re-organisation) for giving effect to that provision; and
 - (c) a transaction is or has been entered into by that board in pursuance of any obligation under those regulations to carry out those functions so far as they relate to a subsidiary of the board.
- (2) For the purposes of that Part of that Schedule—
- (a) anything done by way of entering into the transaction, or for the purpose of carrying it out, shall be deemed to have been done under and in accordance with the scheme; and
 - (b) the terms and other provisions having effect in relation to that transaction by virtue of anything contained in, or anything done in exercise of powers conferred by, any regulations under section 14(2) of the ^{M10}Agriculture Act 1993 shall be deemed to be terms for which the scheme provided or, as the case may be, to be provisions of the scheme.
- (3) Sub-paragraph (1) of paragraph 16 of Schedule 2 to the Agriculture Act 1993 (distributions) shall have effect, and be deemed always to have had effect, in a case where the terms and provisions mentioned in subsection (2)(b) above involved or involve—
- (a) the issue or transfer of any shares in, or securities of, any body,
 - (b) the conferring of any right to a distribution out of the assets of any body,
 - (c) the conferring of any right to, or to acquire, shares in any body, or
 - (d) the transfer to any person of any property or rights of a milk marketing board, or of the subsidiary of such a board,
- as if the references to the vesting day in paragraphs (a), (c), (d) and (e) of that sub-paragraph were references to the day on which the winding up of the board is completed.
- (4) Sub-paragraph (4) of paragraph 31 of Schedule 2 to the Agriculture Act 1993 (condition to be satisfied if body to be qualifying body by virtue of sub-paragraph (1) (c)) shall have effect, and be deemed always to have had effect, as if—

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- (a) the reference, in relation to a company, to 90 per cent. of its ordinary share capital were a reference to 70 per cent. of its ordinary share capital; and
 - (b) the references to shares having been issued to any person included references to their having been allotted to that person.
- (5) Paragraph 1 of Schedule 2 to the Agriculture Act 1993 (tax continuity with successor bodies) shall have effect, and be deemed to have had effect, in relation to any relevant transfer after 31st December 1995 to a society registered under the ^{M11}Industrial and Provident Societies Act 1965 of—
 - (a) a trade, or part of a trade, of a milk marketing board, or
 - (b) any property, rights or liabilities of such a board,as it has effect in relation to any transfer under section 11 of that Act to a qualifying body.
- (6) Paragraphs 16, 20, 25, 26, 28 and 29 of Schedule 2 to the Agriculture Act 1993 shall have effect, and be deemed to have had effect, in relation to any relevant transfer after 31st December 1995 of assets of a milk marketing board to a society registered under the Industrial and Provident Societies Act 1965 as if—
 - (a) the terms and other provisions of the transaction for effecting the transfer were contained in an approved scheme;
 - (b) the society were a relevant successor of that board; and
 - (c) references in those paragraphs to the vesting day were references to the day on which the winding up of the board is completed.
- (7) For the purposes of subsections (5) and (6) above, a transfer of anything to a society registered under the ^{M12}Industrial and Provident Societies Act 1965 is a relevant transfer if—
 - (a) it is a transfer in pursuance of regulations made by virtue of section 14(2) of the ^{M13}Agriculture Act 1993;
 - (b) it is not a transfer of shares in a subsidiary of a milk marketing board; and
 - (c) the condition mentioned in sub-paragraph (5) of paragraph 31 of Schedule 2 to that Act would have been met in relation to that society if the provision made as to the persons to whom the membership of the society is open were contained in an approved scheme providing for the transfer.
- (8) Paragraph 20 of Schedule 2 to the Agriculture Act 1993 (treatment of acquisition of certain shares and securities) shall not apply, and shall be deemed never to have applied, in relation to the acquisition of any security after 31st December 1995 if the indebtedness acknowledged by that security does not fall, for the purposes of the ^{M14}Taxation of Chargeable Gains Act 1992, to be treated as a debt on a security (as defined in section 132 of that Act of 1992).
- (9) For the purposes of [^{F1}Part 5 of the Corporation Tax Act 2009 (loan relationships)], so far as it has effect for any accounting period ending after 31st March 1996 in relation to any creditor relationship represented by a debenture issued on or after 31st December 1995, paragraph 25 of Schedule 2 to the Agriculture Act 1993 shall have effect as if sub-paragraph (2)(a) of that paragraph (deemed consideration for issue of debenture issued under approved scheme) were omitted.
- (10) For the purposes of the Taxation of Chargeable Gains Act 1992, where any debenture to which paragraph 25 of Schedule 2 to the Agriculture Act 1993 applies has been or is issued at any time after 31st December 1995, the indebtedness acknowledged by that debenture shall be deemed (where that would not otherwise be the case) to be,

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and always to have been, a debt on a security (as defined in section 132 of that Act of 1992).

(11) Expressions used in this section and in Part I of the Agriculture Act 1993 have the same meanings in this section as in that Part.

Textual Amendments

F1 Words in s. 203(9) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 439** (with Sch. 2 Pts. 1, 2)

Marginal Citations

M9 1993 c. 37.
M10 1993 c. 37.
M11 1965 c.12.
M12 1965 c. 12.
M13 1993 c. 37.
M14 1992 c.12.

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