



# Finance (No. 2) Act 1997

## 1997 CHAPTER 58

### PART III

#### INCOME TAX AND CORPORATION TAX

##### *Distributions, tax credits etc: avoidance*

#### **26 Purchase and sale of securities**

- (1) Section 732 of the Taxes Act 1988 (dealers in securities) shall Purchase and sale be amended as follows. of securities.
- (2) After subsection (1) (dealers in securities: reduction for tax purposes of price paid by the appropriate amount in respect of interest) there shall be inserted—
  - “(1A) Subsection (1) above shall not apply if the interest receivable by the first buyer falls to be taken into account by virtue of section 95(1) in computing profits of his which are chargeable to tax in accordance with the provisions of this Act applicable to Case I or II of Schedule D.”
- (3) Subsections (2) and (2A) (exceptions from subsection (1) for certain market makers, recognised clearing houses and members of recognised investment exchanges) shall cease to have effect.
- (4) In subsection (4) (exception from subsection (1) for overseas securities bought on a stock exchange outside the United Kingdom if conditions as to computation of profits and non-allowance of credit for foreign tax are satisfied) the words “on a stock exchange outside the United Kingdom” shall be omitted.
- (5) For the definition of “overseas securities” in subsection (4) there shall be substituted—
  - “In this subsection “overseas securities” means securities issued—
    - (a) by a government or public or local authority of a territory outside the United Kingdom; or
    - (b) by any other body of persons not resident in the United Kingdom.”

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*Status: This is the original version (as it was originally enacted).*

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- (6) Subsections (5) and (5A) (exceptions from subsection (1) for Eurobonds bought by dealers and for rights in a unit trust scheme where first buyer sells as manager) shall cease to have effect.
- (7) Subsections (6) and (7) (definitions for the purposes of subsections (2) and (2A)) shall cease to have effect.
- (8) This section has effect where, for the purposes of section 731(2) of the Taxes Act 1988, the interest receivable by the first buyer is paid on or after 2nd July 1997.