
STATUTORY INSTRUMENTS

1998 No. 3177

The European Single Currency (Taxes) Regulations 1998

PART VI

**REPURCHASES AND STOCK LENDING—
STAMP DUTY AND STAMP DUTY RESERVE TAX**

Interpretation

24. In this Part of these Regulations “capital payment” means any payment on the euroconversion of securities other than any interest, dividend or other annual payment payable in respect of the securities.

Replacement of stock in a euroconversion

25.—(1) This regulation applies in a case where—

- (a) there is an arrangement involving the transfer of stock to which subsection (1)(a) of section 80C of the Finance Act 1986⁽¹⁾ (repurchases and stock lending—exemption from stamp duty) applies, and
- (b) there is a euroconversion of that stock (“the old stock”), effected wholly or in part by the issue of new stock to replace the old stock.

(2) The new stock shall be regarded, for the purposes of section 80C of the Finance Act 1986, as stock of the same kind and amount as the old stock.

Replacement of chargeable securities in a euroconversion

26.—(1) This regulation applies in a case where—

- (a) there is an arrangement involving the transfer of chargeable securities to which subsection (1)(a) of section 89AA of the Finance Act 1986⁽²⁾ (repurchases and stock lending—exemption from stamp duty reserve tax) applies, and
- (b) there is a euroconversion of those chargeable securities (“the old chargeable securities”), effected wholly or partly by the issue of new chargeable securities to replace the old chargeable securities.

(2) The new chargeable securities shall be regarded, for the purposes of section 89AA of the Finance Act 1986, as chargeable securities of the same kind and amount as the old chargeable securities.

(1) 1986 c. 41. Section 80C was inserted by section 98(1) of the Finance Act 1997 and repealed by Part VII of Schedule 18 to that Act with effect from the day to be appointed under section 111 of the Finance Act 1990.

(2) Section 89AA was inserted by section 103(1) of the Finance Act 1997 and repealed by Part VII of Schedule 18 to that Act with effect from the day to be appointed under section 111 of the Finance Act 1990.

Payment or benefit received by transferee of stock on euroconversion

27.—(1) This regulation applies in a case where—

- (a) there is an arrangement involving the transfer of stock to which subsection (1) of section 80C of the Finance Act 1986 applies,
- (b) a capital payment would, but for the arrangement, be received by the person referred to as B in that section or by his nominee on the euroconversion of that stock,
- (c) neither the person referred to as A in that section nor his nominee is required under the arrangement to pay to B or to B's nominee an amount equivalent to the amount of that capital payment, and an amount equivalent to the amount of that capital payment is not required under the arrangement to be taken into account in computing the price of stock to be transferred to B or his nominee under the arrangement, and
- (d) the amount of the capital payment would not exceed 500 euros.

(2) A shall not be regarded, for the purposes of section 80C of the Finance Act 1986, as a person to whom a benefit consisting of an amount equal to the capital payment referred to in paragraph (1) accrues as mentioned in subsection (4)(b) of that section.

Payment or benefit received by transferee of chargeable securities on euroconversion

28.—(1) This regulation applies in a case where—

- (a) there is an arrangement involving the transfer of chargeable securities to which subsection (1) of section 89AA of the Finance Act 1986 applies,
- (b) a capital payment would, but for the arrangement, be received by the person referred to as Q in that section or by his nominee on the euroconversion of those chargeable securities,
- (c) neither the person referred to as P in that section nor his nominee is required under the arrangement to pay to Q or to Q's nominee an amount equivalent to the amount of that capital payment, and an amount equivalent to the amount of that capital payment is not required under the arrangement to be taken into account in computing the price of the chargeable securities to be transferred to Q or his nominee under the arrangement, and
- (d) the amount of the capital payment would not exceed 500 euros.

(2) P shall not be regarded, for the purposes of section 89AA of the Finance Act 1986, as a person to whom a benefit consisting of an amount equal to the capital payment referred to in paragraph (1) accrues as mentioned in subsection (4)(b) of that section.

Renominalisation resulting in new minimum denomination in which stock can be held or traded

29.—(1) This regulation applies in a case where—

- (a) there is an arrangement involving the transfer of stock to which subsection (1) of section 80C of the Finance Act 1986 applies,
- (b) there is a euroconversion of that stock prior to the transfer of stock under the arrangement by A or his nominee to B or his nominee as mentioned in subsection (1)(b) of that section,
- (c) the aggregate nominal value (expressed in euros) of the stock transferred by B to A or his nominee as mentioned in subsection (1)(a) of that section, or of stock issued to replace that stock in a euroconversion is, as a result of renominalisation, not a whole multiple of the new minimum denomination in which that stock can be traded at the time of the transfer of stock referred to in sub-paragraph (b),
- (d) stock the aggregate nominal value of which is equal to the largest whole multiple of the new minimum denomination which does not exceed the aggregate nominal value referred

to in sub-paragraph (c) is required under the arrangement to be transferred by A or his nominee to B or his nominee, and

- (e) A or his nominee is required under the arrangement to pay to B or his nominee an amount which either—
- (i) is equal to the amount of what would, but for the arrangement, have been the proceeds of disposal of the remainder of the stock on the renominatisation received by B, or
 - (ii) is equal to the value, at the time of the transfer of stock referred to in sub-paragraph (b), of the remainder of the stock if the remainder could still be held at that time though not traded.

(2) Where this regulation applies, the requirement for payment of the amount specified in paragraph (1)(e) is to be regarded, for the purposes of section 80C of the Finance Act 1986, as equivalent to a requirement for the remainder of the stock to be transferred by A or his nominee to B or his nominee.

(3) The value referred to in paragraph (1)(e)(ii) is the appropriate proportion (based on nominal value) of the market value of the minimum amount of the original stock that, at the time of the transfer of stock referred to in sub-paragraph (b), could be traded.

(4) Where the amount calculated in accordance with sub-paragraph (e) of paragraph (1) does not exceed 500 euros, and the arrangement does not require payment of a sum equal to this amount, this regulation shall have effect as if the amount calculated in accordance with that sub-paragraph were nil and the requirement specified in that sub-paragraph were satisfied.

Renominatisation resulting in new minimum denomination in which chargeable securities can be held or traded

30.—(1) This regulation applies in a case where—

- (a) there is an arrangement involving the transfer of chargeable securities to which subsection (1) of section 89AA of the Finance Act 1986 applies,
- (b) there is a euroconversion of those chargeable securities prior to the transfer of chargeable securities under the arrangement by P or his nominee to Q or his nominee as mentioned in subsection (1)(b) of that section,
- (c) the aggregate nominal value (expressed in euros) of the chargeable securities transferred by Q to P or his nominee as mentioned in subsection (1)(a) of that section, or of chargeable securities issued to replace those chargeable securities in a euroconversion is, as a result of renominatisation, not a whole multiple of the new minimum denomination in which those chargeable securities can be traded at the time of the transfer of chargeable securities referred to in sub-paragraph (b),
- (d) chargeable securities the aggregate nominal value of which is equal to the largest whole multiple of the new minimum denomination which does not exceed the aggregate nominal value referred to in sub-paragraph (c) are required under the arrangement to be transferred by P or his nominee to Q or his nominee, and
- (e) P or his nominee is required under the arrangement to pay to Q or his nominee an amount which either—
 - (i) is equal to the amount of what would, but for the arrangement, have been the proceeds of disposal of the remainder of the chargeable securities on the renominatisation received by Q, or
 - (ii) is equal to the value, at the time of the transfer of chargeable securities referred to in sub-paragraph (b), of the remainder of the chargeable securities if the remainder could still be held at that time though not traded.

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(2) Where this regulation applies, the requirement for payment of the amount specified in paragraph (1)(e) is to be regarded, for the purposes of section 89AA of the Finance Act 1986, as equivalent to a requirement for the remainder of the chargeable securities to be transferred by P or his nominee to Q or his nominee.

(3) The value referred to in paragraph (1)(e)(ii) is the appropriate proportion (based on nominal value) of the market value of the minimum amount of the original chargeable securities that, at the time of the transfer of chargeable securities referred to in paragraph (1)(b), could be traded.

(4) Where the amount calculated in accordance with sub-paragraph (e) of paragraph (1) does not exceed 500 euros, and the arrangement does not require payment of a sum equal to this amount, this regulation shall have effect as if the amount calculated in accordance with that sub-paragraph were nil and the requirement specified in that sub-paragraph were satisfied.