

**1 Stamp duty and SDRT: capital-raising arrangements etc**

Schedule 1 makes provision for and in connection with ensuring that it continues to be the case that—

- (a) no 1.5% charge to stamp duty or stamp duty reserve tax arises in relation to—
  - (i) issues of securities or stock, and
  - (ii) transfers of securities made in the course of capital-raising arrangements, and
- (b) no charge to stamp duty arises in relation to the issue of bearer instruments.

SCHEDULE 1

Section 1

STAMP DUTY AND SDRT: CAPITAL-RAISING ARRANGEMENTS ETC

**PART 1**

DEPOSITARY RECEIPTS AND CLEARANCE SERVICES

*Introduction*

- 1 FA 1986 is amended as follows.

*Stamp duty*

- 2 In section 67 (stamp duty: depositary receipts)—
- (a) in the heading, at the end insert “1.5% charge”;
  - (b) in subsection (1) omit “(other than a bearer instrument)”;
  - (c) after that subsection insert—
    - “(1A) For the purposes of subsection (1) “instrument” does not include—
    - (a) a bearer instrument (see subsection (9A));
    - (b) an exempt capital-raising instrument (see section 72ZA).”
- 3 In section 70 (stamp duty: clearance services)—
- (a) in the heading, at the end insert “1.5% charge”;
  - (b) in subsection (1) omit “(other than a bearer instrument)”;
  - (c) after that subsection insert—
    - “(1A) For the purposes of subsection (1) “instrument” does not include—
    - (a) a bearer instrument (see subsection 9A);
    - (b) an exempt capital-raising instrument (see section 72ZA).”
- 4 After section 72 (clearance services: supplementary) insert—
- “Meaning of “exempt capital-raising instrument”*

**72ZA Meaning of “exempt capital-raising instrument”**

- (1) For the purposes of sections 67 and 70, an instrument is an “exempt capital-raising instrument” if either of the following conditions is met.
- (2) The first condition is that the instrument transfers relevant securities in the course of capital-raising arrangements.
- (3) The second condition is that—
  - (a) a person (“the transferor”) acquires relevant securities—

- (i) before capital-raising arrangements are entered into,  
or
  - (ii) in the course of capital-raising arrangements,
  - (b) the transferor is subject to a prohibition that has the effect of preventing the transfer of the relevant securities in the course of the capital-raising arrangements, and
  - (c) the instrument transfers the relevant securities as soon as reasonably practicable after the time at which the prohibition ceases to have effect.
- (4) In this section “capital-raising arrangements” means arrangements pursuant to which relevant securities are issued by a company for the purpose of raising new capital.”

*Stamp duty reserve tax*

- 5 (1) In the italic heading before section 93 (SDRT: depository receipts), at the end insert “: depository receipts”.
- (2) In that section—
- (a) in the heading, at the end insert “: 1.5% charge”;
  - (b) in subsection (1)—
    - (i) in the words before paragraph (a) omit “Subject to subsection (7) below and section 95 below,”;
    - (ii) in paragraph (b) omit “or issued”;
  - (c) after that subsection insert—

“(1A) The following provisions contain exceptions to the charge to stamp duty reserve tax under this section—

    - (a) subsection (7) of this section (exception so far as stamp duty is chargeable);
    - (b) section 95 (general exceptions);
    - (c) section 95A (replacement securities);
    - (d) section 97ZB (exempt capital-raising transfers);
    - (e) section 97B (transfers between depository receipt system and clearance system).”;
  - (d) in subsection (4) omit paragraph (a);
  - (e) omit subsection (10).
- 6 In section 95 (depository receipts: exceptions)—
- (a) in subsection (1), in the words after paragraph (b) omit “subject to section 97C,”;
  - (b) in subsection (2), in the words before paragraph (a) omit “, issue”;
  - (c) omit subsections (3) to (5);
  - (d) omit subsection (7).
- 7 In section 95A (depository receipts: exception for replacement securities)—
- (a) in subsection (1) omit “, issue”;

- (b) in subsection (3)–
    - (i) in paragraph (a), in the words before sub-paragraph (i) omit “, issue”;
    - (ii) in paragraph (b) omit “or (3)”;
  - (c) in subsection (4), in paragraph (a) omit “, issued”.
- 8 (1) Before section 96 (SDRT: clearance services) insert–
- “Other charges: clearance services”.*
- (2) In that section–
- (a) in the heading, at the end insert “: 1.5% charge”;
  - (b) in subsection (1)–
    - (i) in the words before paragraph (a) omit “Subject to subsection (5) below and sections 97 and 97A below,”;
    - (ii) in paragraph (b) omit “or issued”;
  - (c) after that subsection insert–
    - “(1A) The following provisions contain exceptions to the charge to stamp duty reserve tax under this section–
      - (a) subsection (5) of this section (exception so far as stamp duty is chargeable);
      - (b) section 97 (general exceptions);
      - (c) section 97ZA (exception for replacement securities);
      - (d) section 97A (election for alternative system of charge);
      - (e) section 97ZB (exempt capital-raising transfers);
      - (f) section 97B (transfers between depositary receipt system and clearance system).”;
    - (d) in subsection (2) omit paragraph (a);
    - (e) omit subsection (8).
- 9 (1) Section 97 (clearance services: exceptions) is amended as follows.
- (2) In subsection (1), in the words after paragraph (b) omit “subject to section 97C,”.
  - (3) In subsection (3), in the words before paragraph (a) omit “or issue”.
  - (4) Omit subsections (4) to (6).
- 10 (1) Section 97AA (clearance services: further exception) is renumbered section 97ZA.
- (2) In that section–
- (a) in the heading, for “further exception” substitute “exception for replacement securities”;
  - (b) in subsection (1) omit “or issue”;
  - (c) in subsection (3)–
    - (i) in paragraph (a), in the words before sub-paragraph (i) omit “or issue”;

- (ii) in paragraph (b) omit “or (4)”;
  - (d) in subsection (4), in paragraph (a) omit “or issued”.
- 11 (1) Section 97A (clearance services: election for alternative system of charge) is amended as follows.
  - (2) In subsection (3), in paragraph (a) omit “or issue”.
  - (3) In subsection (4), in both places it occurs omit “, issue”.
- 12 Before section 97B insert –

*“Depositary receipts and clearance services: further exceptions*

**97ZB Exempt capital-raising transfers**

- (1) There is to be no charge to tax under section 93 or 96 in respect of an exempt capital-raising transfer.
  - (2) For the purposes of subsection (1), a transfer of chargeable securities is an “exempt capital-raising transfer” if either of the following conditions is met.
  - (3) The first condition is that the transfer is in the course of capital-raising arrangements.
  - (4) The second condition is that –
    - (a) a person (“the transferor”) acquires the chargeable securities –
      - (i) before capital-raising arrangements are entered into, or
      - (ii) in the course of capital-raising arrangements,
    - (b) the transferor is subject to a prohibition that has the effect of preventing the transfer of the chargeable securities in the course of the capital-raising arrangements, and
    - (c) the transfer is made as soon as reasonably practicable after the time at which the prohibition ceases to have effect.
  - (5) In this section “capital-raising arrangements” means arrangements pursuant to which relevant securities are issued by a company for the purpose of raising new capital.”
- 13 In section 97B (transfer between depositary receipt system and clearance system) omit subsection (1A).
- 14 Omit section 97C (transfers to non-EU depositary receipt and clearance services systems).

## PART 2

### BEARER INSTRUMENTS

- 15 (1) Schedule 15 to FA 1999 (stamp duty: bearer instruments) is amended as follows.
- (2) Omit paragraph 1 (charge on issue of instrument) and the italic heading before it.
- (3) In paragraph 2 (charge on transfers of stock by means of instrument), in the words before paragraph (a) omit “duty was not chargeable under paragraph 1 on the issue of the instrument and”.
- (4) In paragraph 4 (1.5% rate of duty) omit “or 6”.
- (5) Omit paragraph 7 (ascertainment of market value for charge on issue of instrument).
- (6) In paragraph 17 (exemption for issue of instruments relating to non-sterling stock), in sub-paragraph (1)–
- (a) in the words before paragraph (a) omit “ the issue of”;
- (b) omit the words after paragraph (b).
- (7) Omit the italic heading before paragraph 21.
- (8) Omit paragraph 21 (procedure for stamping instruments where duty chargeable on issue).
- (9) Omit paragraph 22 (consequences of default in complying with procedure for stamping).

## PART 3

### MINOR AND CONSEQUENTIAL AMENDMENTS

- 16 (1) In section 126 of FA 1984 (tax exemptions in relation to designated international organisations), subsection (3) is amended as follows.
- (2) In paragraph (c) omit “on the issue of any instrument by the organisation or”.
- (3) Omit paragraph (d).
- 17 In section 99 of FA 1986 (interpretation), in subsection (10), in the words before paragraph (a), for “97AA” substitute “97ZA”.
- 18 In section 131 of FA 1976 (Inter-American Development Bank), in subsection (3) omit “on the issue of any instrument by the Bank or”.
- 19 In section 79 of FA 1986 (loan capital: new provisions), in subsection (2) omit “on the issue of an instrument which relates to loan capital or”.
- 20 (1) Section 50 of FA 1987 (warrants to purchase Government stock etc) is amended as follows.
- (2) In subsection (2)–

- (a) omit paragraph (a);
  - (b) in paragraph (b), for “such an instrument” substitute “an instrument which relates to an interest, right or option within subsection (1)”.
- (3) In subsection (3) omit paragraph (b).
- 21 (1) Section 143 of FA 1988 (stamp duty: paired shares) is amended as follows.
- (2) Omit subsections (2) and (3).
  - (3) In subsection (5), in paragraph (a), for “such as is mentioned in subsection (3)(a) above” substitute “for sale of such units to the public made at the same time and at a broadly equivalent price in a country other than the United Kingdom or the foreign country”.

#### PART 4

##### COMMENCEMENT AND TRANSITIONAL PROVISION

###### *Commencement*

- 22 The amendments made by this Schedule have effect –
- (a) as they apply for the purposes of stamp duty, in relation to instruments executed on or after 1 January 2024;
  - (b) as they apply for the purposes of stamp duty reserve tax, in relation to the transfer or issue of chargeable securities on or after that day.

###### *Transitional provision: depositary receipts: exception from SDRT for replacement securities*

- 23 (1) This paragraph applies for the purposes of section 95A of FA 1986 (depositary receipts: exception for replacement securities) where the securities (“the pre-commencement securities”) mentioned in subsection (3)(a) of that section were issued before 1 January 2024.
- (2) The amendments made by paragraphs 5 and 7 are to be disregarded in determining whether the condition in subsection (3) of section 95A of FA 1986 is met.

###### *Transitional provision: clearance services: exception from SDRT for replacement securities*

- 24 (1) This paragraph applies for the purposes of section 97ZA of FA 1986 (clearance services: exception for replacement securities) where the securities (“the pre-commencement securities”) mentioned in subsection (3)(a) of that section were issued before 1 January 2024.
- (2) The amendments made by paragraphs 8 and 10 are to be disregarded in determining whether the condition in subsection (3) of section 97ZA of FA 1986 is met.

###### *Transitional provision: bearer instruments*

- 25 (1) This paragraph applies in relation to bearer instruments issued before 1 January 2024 –

- (a) in the United Kingdom, or
  - (b) outside the United Kingdom by or on behalf of a UK company.
- (2) The amendment made by paragraph 15(3) is to be disregarded in determining whether stamp duty is chargeable under paragraph 2 of Schedule 15 to FA 1999 (stamp duty charge on transfer of stock by means of bearer instrument).
- (3) In sub-paragraph (1) “bearer instrument” and “UK company” have the same meaning as in Schedule 15 to FA 1999 (see paragraphs 3 and 11 of that Schedule).

*Transitional provision: warrants to purchase government stock etc*

- 26 (1) This paragraph applies in relation to securities constituted by or transferable by means of an instrument issued before 1 January 2024.
- (2) The amendments made by paragraph 20 are to be disregarded in determining whether the securities are “exempt securities” for the purposes of section 50 of FA 1987 (warrants to purchase government stock etc).