

Reconstructions or amalgamations of capital companies. FA1973 s72 119.—(1) If, in the case of a transaction, a capital company or a capital company which is in the process of being formed (in this section referred to as the “acquiring company”) acquires either—

(a) the undertaking or part of the undertaking of another capital company (in this section referred to as the “target company”), or

(b) share capital of another capital company to an extent that, after that transaction, but not necessarily as a result of that transaction, the acquiring company owns at least 75 per cent of the issued share capital of that other company (in this section referred to as the “target company”),

then, subject to this section, stamp duty on the statement delivered in accordance with section 117 (1) shall be charged at the rate of zero per cent (in this section referred to as the “reduced rate”).

(2) Notwithstanding subsection (1), where the percentage referred to in paragraph (b) of subsection (1) is reached by means of 2 or more transactions, the reduced rate shall apply only to the transaction whereby this percentage is achieved and to any transaction subsequent to the achievement and retention of that percentage.

(3) Subsection (1) of this section shall apply only where the consideration for the acquisition (except such part of the consideration as consists of the transfer to or discharge by the acquiring company of liabilities of the target company) consists—

(a) where the undertaking or part of the undertaking of the target company is acquired, of the issue of shares in the acquiring company to the target company or to holders of shares in the target company, or

(b) where shares of the target company are acquired, of the issue of shares in the acquiring company to the holders of shares in the target company in exchange for shares held by them in the target company,

with or without a payment in cash, but where there is a payment in cash that payment shall not exceed 10 per cent of the nominal value of the shares in the acquiring company which are comprised in the consideration.

(4) The statement, which by virtue of this section is charged at the reduced rate, shall become chargeable with stamp duty at the rate specified in section 117 if the acquiring company does not retain, for a period of 5 years from the date of the transaction in respect of which stamp duty at the reduced rate was charged, at least 75 per cent of the issued share capital of the target company and all the shares which it held following that transaction, including the shares acquired whether by means of a transaction or otherwise before that transaction and held at the time of the transaction.

(5) Notwithstanding subsection (4), the reduced rate shall continue to apply if the transfer, as a result of which the shares in question were not held for a period of 5 years, was either—

(a) a transfer forming part of a transaction which would of itself qualify for the reduced rate pursuant to subsection (1), or

(b) a transfer in the course of the liquidation of the acquiring company.

(6) Where, by reason of subsection (4), stamp duty becomes chargeable at the rate specified in section 117 when the acquiring company concerned within a period of 5 years from the date of any transaction in respect of which stamp duty was charged at the reduced rate—

(a) ceases to retain at least 75 per cent of the issued share capital of the target company concerned, or

(b) disposes of any of the shares of the target company which it held after the transaction to which the reduced rate was applied,

then the statement which was delivered to the registrar pursuant to section 117 (1) in relation to the transaction in respect of which stamp duty was charged at the reduced rate shall be charged with stamp duty at the rate which would have been charged in the first instance if subsection (1) had not applied to the transaction and the statement thus charged shall have applied to it this Part except that, for the purposes of subsections (3) and (4) of section 117, the date of the transaction shall be the date on which the event specified in paragraph (a) or (b), as the case may be, occurred.

(7) This section shall apply only where the effective centre of management or the registered office of the target company concerned is in a Member State.

(8) For the purposes of this section, a company, partnership, firm, association or legal person that is considered to be a capital company in another Member State shall be deemed to be a target company notwithstanding that it is not considered to be a capital company.