

Taxation of income deemed to arise from transactions in certificates of deposit and assignable deposits.
FA74 s55; CTA76 s140(1) and Sch2 Ptl par47; FA77 s42 and Sch1 PtlV par5 814.—(1) In this section—

“assignable deposit” means a deposit of money in any currency, which has been deposited with any person, whether it is to be repaid with or without interest and which at the direction of the depositor may be assigned with or without interest to another person;

“certificate of deposit” means a document relating to money in any currency, which has been deposited with the issuer or some other person, being a document which recognises an obligation to pay a stated amount to bearer or to order, with or without interest, and being a document by the delivery of which, with or without endorsement, the right to receive that stated amount, with or without interest, is transferable.

(2) This section shall apply to any right—

(a) to receive from any person an amount of money, with or without interest, which is stated in a certificate of deposit issued to the person who has deposited the money or to any other person, or

(b) to receive from any person an amount of money, with or without interest, being a right arising from an assignable deposit which may be assigned or transferred to another person by the person who has deposited the money or by any person who has acquired the right to do so.

(3) Where after the 3rd day of April, 1974, a person acquires a right to which this section applies, any gain arising to the person from the disposal of that right or, except in so far as it is a right to receive interest, from its exercise shall, if not to be taken into account as a trading receipt, be deemed for the purposes of the Tax Acts to be annual profits or gains chargeable to tax under Case IV of Schedule D and shall be charged to tax accordingly.

(4) Where on or before the 3rd day of April, 1974, a person acquired a right to which this section applies and disposes or disposed of, or exercises or exercised, the right after that date, so much of any gain arising to the person from that disposal, or, except in so far as it is a right to receive interest, from that exercise, as bears to the total amount of the gain the same proportion as the number of days from the 3rd day of April, 1974, to the date of the disposal or exercise bears to the total number of days from the date of the acquisition to the date of the disposal or exercise, shall, if not to be taken into account as a trading receipt, be deemed for the purposes of the Tax Acts to be annual profits or gains chargeable to tax under Case IV of Schedule D and shall be charged to tax accordingly.

(5) Where a person sustains a loss in a transaction which if profits had arisen from it would be chargeable to tax by virtue of subsection (3) or (4), then, if the person is chargeable to tax under Schedule C or D in respect of the interest payable on the amount of money the right to which has been disposed of, the amount of that interest shall be included in the amounts against which the person may claim to set off the amount of the loss under section 383 or 399, as the case may be.

(6) For the purposes of this section, profits or gains shall not be treated as falling to be taken into

account as a trading receipt by reason only that they are included in the computation required by section 707.