HMRC - STSM067040 - Bearer Instruments-SDRT: Non-Sterling Currency United Kingdom Bearer Instrument

The issue of a United Kingdom (UK) bearer instrument denominated in currency other than sterling, or on the transfer of stock constituted by or transferable by means of an instrument, is not subject to a bearer instrument stamp duty charge by virtue of FA99/SCH15/PARA17.

While, in broad terms, the provisions of FA86/S99 provide a similar exemption from Stamp Duty Reserve Tax (SDRT), the principal 0.5 per cent SDRT charge (under FA86/S87 ) can be re-instated by virtue of sections (3A), (3C) and (3D) of FA86/S90 on an agreement to transfer a bearer security denominated in currency other than sterling, in the following circumstances.

The circumstances upon which a SDRT charge may arise at the rate of 0.5 per cent are:

the bearer instrument was issued by a company incorporated in the UK; and

the bearer (or transfer of securities constituted by means of the bearer instrument) consisting of securities (including units in a unit trust / shares in an open-ended investment company) is exempt from stamp duty only because it is expressed in a currency other than sterling; and

the bearer (or a depositary receipt for the bearer) security is not listed on a recognised stock exchange; and

the agreement to transfer those securities is made in contemplation of, or as part of an arrangement for, a take-over of the company which issued the bearer instrument.

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