HMRC - STSM067050 - Bearer Instruments-SDRT: UK Loan Capital Bearer Instrument Denominated In Currency Other Than Sterling

Where stock to which a United Kingdom (UK) bearer instrument relates consists of loan capital which is denominated in currency other than sterling, or on the transfer of stock constituted by or transferable by means of an instrument, the issue of such 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 can be re-instated by virtue of sections (3A)-(3F) of FA86/S90 on an agreement to transfer chargeable securities in the form of loan capital constituted by or transferred by means of a bearer instrument 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 by reason that it relates to bearer loan capital which is exempt under the provisions of FA86/S79 (2), or it is exempt from stamp duty by virtue of FA86/S79 (2) and it is expressed in a currency other than sterling; and

the bearer security does carry the rights of conversion (within the meaning of FA86/S79(5) into, or acquisition of, shares or other securities, by the exercise of which securities which are listed on a recognised stock exchange might be obtained; and

the bearer security (or a depositary receipt for the bearer) 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.

Previous page

Next page