

Amendment	Page	Line
*82	171	13
*83	175	16

Mr Chancellor of the Exchequer

Amendment 82

Page 171, line 13 [Schedule 7], at end insert—

‘This does not apply to arrangements entered into with a view to an acquisition of shares by a company (“the acquiring company”)—

(a) in relation to which section 75 of the Finance Act 1986 (c. 41) (stamp duty: acquisition relief) will apply,

(b) in relation to which the conditions for relief under that section will be met, and

(c) as a result of which the purchaser will be a member of the same group as the acquiring company.’.

Amendment 83

Page 175, line 16 [Schedule 7], leave out from ‘to’ to end of line 18 and insert ‘all the shareholders of the target company’.

EXPLANATORY NOTE

SUMMARY

1. These amendments make changes to Schedule 7. Amendment 82 modifies the restrictions in paragraph 2(1) for arrangements and amendment 83 puts paragraph 7 in to line with Section 75 of the Finance Act 1986.

DETAILS

2. Amendments 82 modifies the restriction on availability of group relief in paragraph 2 of the Schedule. It provides that arrangements

BOARD OF INLAND REVENUE FINANCE BILL 2003
REPORT
SCHEDULE 7

for a change in control of the purchasing company will not prevent relief being due if those arrangements are for a change of control as a result of an acquisition of shares in the purchasing company which, if carried out, would not trigger the clawback under paragraph 3 because of paragraph 4(6) (acquisition in relation to which relief under section 75 of the Finance Act 1986 is due).

3. Amendment 83 modifies paragraph 7(2) to put it in line with section 75 of the Finance Act 1986. It provides that the first condition for relief under paragraph 7 (reconstruction relief) is that is that consideration for the acquisition consists wholly or partly of the issue of non- redeemable shares in the acquiring company to all the shareholders of the target company.

BACKGROUND NOTE

4. Amendment 82 follows a commitment given by the Chief Secretary during the Committee stage of the bill.