

**Bill 6: Transactions in Securities**

***Summary***

1. This paper presents draft clauses which rewrite sections 703 to 709 of ICTA for the purposes of corporation tax.
2. The paper contains:
  - the draft clauses, with origins;
  - draft explanatory notes; and
  - draft notes outlining three proposed changes in the law.
3. Sections 703 to 709 of ICTA were enacted to enable the Crown to counter devices to avoid tax involving transactions in shares or other securities, or the manipulation of a company's assets or both, and to forestall the creation of such devices in future.
4. Chapter 1 of Part 13 of ITA 2007 rewrote sections 703 to 709 of ICTA for the purposes of income tax, and paragraphs 154 to 161 of Schedule 1 to ITA 2007 consequentially amended those sections to apply solely for the purposes of corporation tax.
5. The draft clauses now presented complete the rewrite process. They replicate Chapter 1 of Part 13 of ITA 2007 as far as possible, but there are two differences.
6. First, where the draft clauses rewrite provisions of ICTA which are corporation tax specific there are no corresponding provisions in ITA 2007. In addition there are some provisions in ITA which relate only to income tax and so these are not reflected in the draft corporation tax version of the clauses. There are further details about these in the explanatory notes.
7. Second, where necessary the draft clauses use terminology specific to corporation tax where Chapter 1 of Part 13 of ITA 2007 uses terminology specific to income tax.

***Questions for the committee***

8. We would be grateful for any comments you may have on these draft clauses.
9. The three proposed changes replicate those made when the provisions were rewritten for income tax purposes. They have therefore already been consulted on and scrutinised by the Joint Committee as the Income Tax Bill was being considered by Parliament. If there are nonetheless any comments on these proposed changes we should be grateful to have them.

***Closing date for comments***

10. We would welcome any comments by 14 December 2007. If possible, they should be sent by e-mail to:

[jackie.bartlett@hmrc.gsi.gov.uk](mailto:jackie.bartlett@hmrc.gsi.gov.uk)

Written comments should be sent to:

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11. Please note that the names of respondents may be published unless they ask for their comments to be treated in confidence.

19 September 2007