CHARTERED INSTITUTE FOR SECURITIES & INVESTMENT

Global Securities Operations Edition 19

There have been some changes to your Global Securities Operations Edition 19 workbook, which may impact your study preparation for your forthcoming exam. Detailed below are the changes to your workbook.

Chapter 1, Section 8.1, Shares in Public Hands has been amended to read:

A specified minimum percentage of shares should be distributed to the public. On the LSE, for example, at least 10% of outstanding shares must be made available to persons not connected with the company. The exchange may also require that the company's **market capitalisation** exceeds a specified minimum (on the LSE this is currently £30m for companies listed on the Main Market).

Chapter 5, Section 1.1, UK Personal Tax Treatment of Dividend Income has been amended to read:

UK-based companies sometimes pay dividends to shareholders. Dividends are paid out of profits on which the company has already paid tax. From April 2023, individuals do not pay tax on the first £1,000 of dividends received during the tax year from companies.

Tax rate on dividends over £1,000:

- Basic rate (and non-taxpayers): 8.75%
- Higher rate: 33.75%
- Additional rate: 39.35%.

The allowance is available only to those who have dividend income.

The regular tax allowances that apply from April 2023 are as follows:

- Personal allowance: £12,570
- Basic rate limit: £50,270
- Higher rate threshold: £150,140
- Additional rate: over £150,140.

The £1,000 limit is in addition to any allowances (as above).

Chapter 5, Section 1.1, UK Personal Tax Treatment of Dividend Income example has been amended to read:

Example

A retail investor receives £6,000 from dividends and £40,000 from regular income. £1,000 of the dividend income is not subject to tax. The balance of £5,000 will be assessed for income tax as well as the £40,000, according to the allowances and thresholds.

Chapter 5, Section 2.1, Conventional and Index-Linked Gilts examples have been amended to read:

Example

Investor A invested £50,000 in a fixed-term bond on 1 June 2022, which lasts one year and matures on its first anniversary, 1 June 2023. On this date, interest of £1,500 is paid to the investor. The interest will be taxable in the tax year 2023–24, because this is the tax year in which the income is paid. Investor A will not need to pay tax on this income if their total income for the tax year 2023–24 is below their personal allowance of £12,570.

Example

Investor B invests in a fixed-term bond on 1 June 2022, which matures a year later. Under the terms of the bond's issue, no interest will be paid on the bond until maturity. On 1 June 2023, Investor B is paid interest of £13,500. This interest is taxable in the tax year 2023–24, because this is the tax year in which the income is paid. Investor B is liable to tax because the £13,500 received in interest is more than the personal allowance of £12,570.

Chapter 5, Section 3, 'Tax year 2022 –23', has been amended to read 'Tax year 2023 –24' and the last line of the section, after the bulleted list has been amended to read:

Individuals are entitled to an exemption of £6,000 in the fiscal year 2023–24 and, therefore, this amount is deducted from the individual's net gain before calculating the amount liable to CGT.

In the section, Multiple Choice Questions, the 27th answer has been amended to read:

27. Answer: B Ref: Chapter 5, Section 1.1

Tax of 8.75% is due on dividends over £1,000 paid to basic rate taxpayers or non-taxpayers.

We wish you every success with your studies.

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