

## **Valuation of shares and securities (S.548)**

### **Manual Part 19-4-2**

Document last reviewed May 2017

## Valuation of Shares and securities

- 2.1** For the purpose of deemed disposals and the computation of gains accruing on or after 6 April, 1974, in the case of shares and securities held on that date, it is necessary to ascertain the market values of such assets at the relevant dates.

While the ordinary rules of valuation apply to "unquoted" shares and securities (see **Tax Instruction [19.4.1 Par. 13](#)**), formulae based on Stock Exchange prices are provided for "quoted" shares and securities (**Section 548**)

There are differences in the manner in which prices are fixed and consequently different valuation rules apply, for shares or securities listed in the Irish Official List and those quoted on the Stock Exchange Daily Official List (London floor).

- 2.2** Except for bargains done at special prices (which are clearly marked as such in the Stock Exchange Official Lists), the market value of shares and securities quoted on the Stock Exchange is determined as follows -

### **Official List Irish:**

The valuation is based on the lower of either the price at which bargains were last recorded (the previous price) or, where bargains were recorded on the date, the price so recorded or if more than one a price halfway between the highest and lowest prices so recorded;

### **Daily Official List (London Floor)**

The valuation to be taken is the lower of the two prices shown in the quotations plus one-quarter of the difference between the two prices. Where, however, bargains are recorded for the relevant date the price recorded (or a price half way between the lowest and highest prices recorded) is to be taken if lower than the valuation based on quotations.

Where shares or securities are listed on both lists on the same date provision is made for taking the lower relevant valuation.

The same principles should be applied where another branch of either Stock Exchange affords a more active market.

If the Stock Exchange is closed on the relevant date, the market value should be ascertained by reference to the latest previous date or earliest subsequent date on which it is open, whichever affords the lower market value.

- 2.3** Dividends or interest on shares and securities are payable to the person who is the registered holder on a particular date. During a short period before the due date of payment of the dividend, the shares or securities are dealt in "ex-dividend", i.e. the seller sells the shares or securities but retains the right to the dividend or interest.

Where the Stock Exchange quotation is "ex-dividend", that quotation should be used. Any lowering of the price received because of the retention of the dividend (which will reduce the gain or increase the loss) will be more or less balanced by the income received.

- 2.4** Shares may be similarly quoted in the Stock Exchange Official Lists "ex-rights" or "ex-capitalisation", i.e. excluding the right to a rights issue or a bonus (or script or capitalisation) issue. As the seller of those shares retains the right to any rights or bonus issue (see **Tax Instruction [19.4.7](#) Par. 4** et seq.), the market value on any day (and, in particular on 6 April, 1974) of shares in the hands of a person who bought them before they became quoted "ex-rights" is the sum of the value based on the "ex-rights" quotation and the market value of the "rights" in the shares or securities about to be issued. If the person bought the shares excluding those "rights", the market value of the shares is the value based on the quotation.

Where shares which were bought before a date when dealings became "ex-rights" are sold excluding those "rights", there is a part disposal which should be dealt with in accordance with **Tax Instruction [19.1.4](#) Par. 1** et seq.

- 2.5** Each disposal other than a sale at arm's length of "unquoted" shares or securities requires a separate valuation.