

SCHEDULE 16

GROUP RELIEF

PART 4

WITHDRAWAL OF RELIEF

Withdrawal of group relief

- 8 (1) Where sub-paragraph (2) applies, group relief in relation to a relieved transaction, or an appropriate proportion of it, is withdrawn and tax is chargeable in accordance with this paragraph.
- (2) This sub-paragraph applies where, in the case of a relieved transaction—
- (a) the buyer ceases to be a member of the same group as the seller—
 - (i) before the end of the period of 3 years beginning with the effective date of the transaction, or
 - (ii) in pursuance of, or in connection with, arrangements made before the end of that period, and
 - (b) at the time the buyer ceases to be a member of the same group as the seller (“the relevant time”), it or a relevant associated company holds a chargeable interest—
 - (i) that was acquired by the buyer in the relieved transaction, or
 - (ii) that is derived from an interest so acquired,and that has not subsequently been acquired at market value under a chargeable transaction for which group relief was available but was not claimed.
- (3) The amount chargeable is the tax that would have been chargeable in respect of the relieved transaction but for group relief if the chargeable consideration for that transaction had been an amount equal to—
- (a) the market value of the subject-matter of the transaction, and
 - (b) if the acquisition was the grant of a lease at a rent, that rent,
- or, as the case may be, an appropriate proportion of the tax that would have been so chargeable.
- (4) In sub-paragraphs (1) and (3), “an appropriate proportion” means an appropriate proportion having regard to the subject-matter of the relieved transaction and what is held at the relevant time by the transferee company or, as the case may be, by that company and its relevant associated companies.
- (5) In this paragraph—
- “arrangements” (“*trefniadau*”) includes any scheme, agreement or understanding, whether or not legally enforceable;
 - “relevant associated company” (“*cwmni cyswllt perthnasol*”), in relation to the buyer, means a company that—
 - (a) is a member of the same group as the buyer immediately before the buyer ceases to be a member of the same group as the seller, and
 - (b) ceases to be a member of the same group as the seller in consequence of the buyer so ceasing.

Status: This is the original version (as it was originally enacted).

- (6) This paragraph has effect subject to paragraphs 9 and 10 (cases in which group relief not withdrawn) and paragraph 12 (withdrawal of group relief in certain cases involving successive transactions).