



# Taxation of Chargeable Gains Act 1992

## 1992 CHAPTER 12

### PART VI

COMPANIES, OIL, INSURANCE ETC.

### CHAPTER I

COMPANIES

*Companies leaving groups*

#### **<sup>F1</sup>178 Company ceasing to be member of group: pre-appointed day cases.**

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#### **Textual Amendments**

**F1** S. 178 repealed (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 26](#), [Sch. 40 Pt. II\(12\)](#) (with [Sch. 29 para. 46\(5\)](#))

#### **179 Company ceasing to be member of group: post-appointed day cases.**

<sup>F2</sup>(1) This section applies where—

- (a) a company (“company A”) acquires an asset from another company (“company B”) at a time when <sup>F3</sup>company A and company B are members of the same group],
- (b) the conditions in subsection (1A) below are met, and
- (c) company A ceases to be a member of that group within the period of six years after the time of the acquisition.

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References in this section to a company ceasing to be a member of a group of companies do not apply to cases where a company ceases to be a member of a group in consequence of another member of the group ceasing to exist.

(1A) The conditions referred to in subsection (1)(b) above are—

- (a) that company A is resident in the United Kingdom at the time it acquires the asset, or the asset is a chargeable asset in relation to that company immediately after that time, and
- (b) that company B is resident in the United Kingdom at the time of that acquisition, or the asset is a chargeable asset in relation to that company immediately before that time.

<sup>F4</sup> . . . . . ]

[<sup>F5</sup>(1AA) If shares in a company are transferred as part of the process of the transfer of a business to which section 140A or 140C applies and in consequence of the transfer the company ceases to be a member of a group (“Group 1”)—

- (a) the company shall not be treated for the purposes of this section as having left Group 1, and
- (b) if the transferee is a member of a group (“Group 2”) and in consequence of the transfer the company becomes a member of Group 2 it shall be treated, for the purposes of this section, as if Group 1 and Group 2 were the same.]

[<sup>F6</sup>(1B) Where, as part of the process of a merger to which section 140E applies, a company which is a member of a group (“Group 1”) ceases to exist and in consequence of that cessation—

- (a) assets are transferred to the transferee, or
- (b) shares in one or more companies which were also members of the group are transferred to the transferee,

a company which has ceased to exist, or the shares in which have been transferred to the transferee, shall not be treated for the purposes of this section as having left Group 1.

(1C) If subsection (1B) applies in relation to a company then for the purposes of this section—

- (a) the transferee and a company which has ceased to exist in consequence of the merger shall be treated as the same entity, and
- (b) if the transferee is a member of a group (“Group 2”) following the merger (whether or not as the principal company of the group) a company which was a member of Group 1 and became a member of Group 2 in consequence of the merger shall be treated, for the purposes of this section, as if Group 1 and Group 2 were the same.

(1D) In subsections (1B) and (1C), “transferor” and “transferee” have the meaning given by section 140E(9).]

[<sup>F7</sup>(2) Where two companies cease to be members of the group at the same time, subsection (1) does not have effect as respects the acquisition of an asset by one of the companies from the other if condition A or B is met.

(2ZA) Condition A is that the companies—

- (a) are both 75 per cent subsidiaries and effective 51 per cent subsidiaries of another company on the date of the acquisition, and

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- (b) remain both 75 per cent subsidiaries and effective 51 per cent subsidiaries of that other company until immediately after they cease to be members of the group.

(2ZB) Condition B is that one of the companies—

- (a) is both a 75 per cent subsidiary and an effective 51 per cent subsidiary of the other on the date of the acquisition, and
- (b) remains both a 75 per cent subsidiary and an effective 51 per cent subsidiary of the other until immediately after the companies cease to be members of the group.]

[<sup>F8</sup>(2A) [<sup>F9</sup>Subsection (2AA) applies where]—

- [<sup>F10</sup>(a) a company (“company A”) acquired an asset from another company (“company B”) at a time when both company A and company B were members of the same group (“the first group”),
  - (aa) company A has ceased to be a member of the first group,]
  - (b) subsection (2) above applies in the case of [<sup>F11</sup>company A’s] ceasing to be a member of the first group so that subsection (1) above does not have effect as respects the acquisition of that asset,
- [<sup>F12</sup>(c) at the time company A ceases to be a member of the first group there is a connection between that group and the group of companies of which company A becomes a member on leaving the first group (“the second group”), and
- (d) subsequently—
  - (i) company A ceases to be a member of the second group, or
  - (ii) (before sub-paragraph (i) applies) there ceases to be a connection between the two groups.]

[ Where this subsection applies—

- <sup>F13</sup>(2AA) (a) in a case within subsection (2A)(d)(ii), for the purposes of this section (other than subsection (2A)) as it applies as respects the acquisition, company A and any associated company are to be treated as having ceased to be members of the second group at the time the connection between the two groups ceases,
- (b) subsection (1) has effect in relation to company A’s ceasing to be a member of the second group as if it had been the second group of which both companies had been members at the time of the acquisition, and
  - (c) subsection (2) may operate to prevent subsection (1) applying by virtue of paragraph (b), unless subsection (2AB) applies.

(2AB) This subsection applies if company A’s ceasing to be a member of the first group at the same time as one or more associated companies forms part of arrangements the main purpose, or one of the main purposes, of which is the avoidance of a liability to corporation tax.]

(2B) For the purposes of subsection (2A) above there is a connection between the first group and the second group [<sup>F14</sup>at a particular time if, at that time,], the company which is the principal company of that group is under the control of—

- (a) the company which is the principal company of the first group or, if that group no longer exists, which was the principal company of that group when [<sup>F15</sup>company A] ceased to be a member of it;
- (b) any [<sup>F16</sup>person or persons who control the company mentioned in paragraph (a) above or who have had it under their] control at any time in the period since [<sup>F15</sup>company A] ceased to be a member of the first group; or

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- (c) any [<sup>F17</sup>person or persons who have, at any time in that period, had under their] control either—
- (i) a company which would have [<sup>F18</sup>been a person falling] within paragraph (b) above if it had continued to exist, or
  - (ii) a company which would have [<sup>F18</sup>been a person falling] within this paragraph (whether by reference to a company which would have [<sup>F18</sup>been a person falling] within that paragraph or to a company or series of companies falling within this sub-paragraph).]

[<sup>F19</sup>(2C) This section shall not have effect as respects any asset if, before the time when [<sup>F15</sup>company A] ceases to be a member of the group or, as the case may be, the second group, an event has already occurred by virtue of which the company falls by virtue of section 101A(3) to be treated as having sold and immediately reacquired the asset at the time specified in subsection (3) below.]

[<sup>F20</sup>(2D) This section shall not have effect as respects any asset if, before the time when [<sup>F15</sup>company A] ceases to be a member of the group or, as the case may be, the second group, an event has already occurred by virtue of which the company falls by virtue of section 101C(3) to be treated as having sold and immediately reacquired the asset at the time specified in subsection (3) below.]

- (3) If, when [<sup>F15</sup>company A] ceases to be a member of the group, [<sup>F15</sup>company A], or an associated company also leaving the group, owns, otherwise than as trading stock—
- (a) the asset, or
  - (b) property to which a chargeable gain has been carried forward from the asset on a replacement of business assets,

then, subject to subsection (4) below, [<sup>F15</sup>company A] shall be treated for all the purposes of this Act as if immediately after its acquisition of the asset it had sold, and immediately reacquired, the asset at market value at that time.

[<sup>F21</sup>(3A) Any chargeable gain or allowable loss which would otherwise accrue to company A on the sale referred to in subsection (3) does not so accrue if—

- (a) company A ceases to be a member of the group in consequence of—
  - (i) a disposal of shares in company A or another member of the group made by a member of the group, or
  - (ii) two or more such disposals,
- (b) either—
  - (i) subsection (3B) applies to the disposal or, if there is more than one disposal, to at least one of them, or
  - (ii) sub-paragraph (i) does not apply but had subsection (3B) applied to the disposal or, if there is more than one disposal, to each of them, any gain arising on the disposal or disposals would not have been a chargeable gain by virtue of Schedule 7AC, and
- (c) in the absence of this subsection, section 535 of CTA 2010 (UK REITS: exemption of gains) would not apply to the chargeable gain or allowable loss which would accrue to company A on the sale.

(3B) This subsection applies to a disposal of shares if—

- (a) the company making the disposal is resident in the United Kingdom at the time of the disposal,
- (b) the shares are chargeable assets in relation to that company immediately before that time, or

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- (c) any part of the chargeable gain or allowable loss accruing on the disposal is treated as a gain or loss accruing to a person by virtue of [F22section 3] (attribution of gains to members of non-resident companies).

In this section “group disposal” means a disposal within subsection (3A)(a) to which this subsection applies and the company making the disposal is referred to as “the transferor company”.

- (3C) For the purposes of subsections (3A) and (3B), the question whether there is a disposal is to be determined ignoring section 127 (share reorganisations etc treated as not involving disposal).
- (3D) If subsection (3A) applies, any chargeable gain or allowable loss accruing to the transferor company on a group disposal (other than a group disposal to which section 127 applies) is to be calculated—
- (a) where a chargeable gain would accrue to company A in the absence of subsection (3A), as if the amount of the consideration for the group disposal were increased by the amount of the gain, and
  - (b) where an allowable loss would accrue to company A in the absence of subsection (3A), as if an amount equal to the amount of the loss were a sum allowable under section 38 as a deduction in the computation of the gain or loss accruing on the group disposal.
- (3E) If subsection (3A) applies, and section 127 applies to a group disposal, any chargeable gain or allowable loss accruing to the transferor company on a disposal of the new holding arising from the group disposal (or any part of that holding) is to be calculated—
- (a) where a chargeable gain would accrue to company A in the absence of subsection (3A)—
    - (i) as if an amount equal to the amount of the gain were excluded from the expenditure allowable as a deduction under section 38 in the computation of the gain or loss accruing on the disposal (but not so as to reduce that expenditure below nil), and
    - (ii) where (ignoring sub-paragraph (i)) the amount of the gain exceeds the expenditure allowable as such a deduction, as if a gain equal to that excess accrued on the disposal of the new holding (or, if the disposal is of a part of the new holding, a gain equal to the corresponding part of that excess accrued on that disposal), in addition to any gain or loss that actually accrues on the disposal of the new holding or part, and
  - (b) where an allowable loss would accrue to company A in the absence of subsection (3A), as if an amount equal to the amount of the loss were a sum allowable under section 38 as a deduction in the computation of the gain or loss accruing on the disposal.

In this subsection “new holding” has the meaning given by section 126.

- (3F) If there is more than one group disposal, the references in subsections (3D) and (3E) to the amount of the gain or loss which would accrue to company A in the absence of subsection (3A) are to be read, in relation to each disposal, as references to—
- (a) such proportion of that amount as the transferor companies in relation to the group disposals jointly elect as the appropriate proportion in relation to the disposal in question, or

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- (b) where no election is made, the proportion of that amount attributable to that disposal if that amount is divided equally between the group disposals.

(3G) An election under subsection (3F) must—

- (a) specify the appropriate proportion in relation to each group disposal, and
- (b) be made, by notice to an officer of Revenue and Customs, no later than 2 years after the end of the first accounting period of a company in which any chargeable gain or allowable loss on a group disposal accrues.

(3H) If a group disposal by a company consists of shares of more than one class, then, for the purposes of subsections (3D) and (3E), the company may apportion any increase or deduction to be made between the classes of shares in such manner as it considers appropriate.]

(4) Any chargeable gain or allowable loss [<sup>F23</sup>accruing] to [<sup>F24</sup>company A] on the sale referred to in subsection (3) above shall be treated as accruing to [<sup>F24</sup>company A][<sup>F25</sup>at whichever is the later of the following, that is to say—

- (a) the time immediately after the beginning of the accounting period of that company in which or, as the case may be, at the end of which the company ceases to be a member of the group; and
- (b) the time when under subsection (3) above it is treated as having reacquired the asset;

[<sup>F26</sup>and sections 138 to 142 of CTA 2010 have effect accordingly as if the actual circumstances were as they are treated as having been].]

[<sup>F27</sup>(5) Subsections (6) to (8) apply where—

- (a) in the absence of subsection (6), company A would be treated by virtue of subsection (3) as selling an asset at any time, by reason of ceasing to be a member of the group, and
- (b) company A ceases to be a member of the group by reason only of the fact that the principal company of that group becomes a member of another group.]

(6) [<sup>F28</sup>Subsection (3) does not apply to treat company A as selling the asset at that time; but] if—

- (a) within 6 years of that time [<sup>F29</sup>company A] ceases at any time (“the relevant time”) to satisfy the following conditions, and
- (b) at the relevant time, [<sup>F29</sup>company A], or a company in the same group as that company, owns otherwise than as trading stock the asset or property to which a chargeable gain has been carried forward from the asset on a replacement of business assets,

[<sup>F29</sup>company A] shall be treated for all the purposes of this Act as if, immediately after its acquisition of the asset, it had sold and immediately reacquired the asset at the value that, at the time of acquisition, was its market value.

(7) Those conditions are—

- (a) that [<sup>F30</sup>company A] is a 75 per cent. subsidiary of one or more members of the other group referred to in subsection (5) above, and
- (b) that [<sup>F30</sup>company A] is an effective 51 per cent. subsidiary of one or more of those members.

[<sup>F31</sup>(7A) Any chargeable gain or allowable loss which would otherwise accrue to company A on the sale referred to in subsection (6) does not so accrue if—

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- (a) company A ceases at the relevant time to satisfy the conditions in subsection (7) in consequence of—
    - (i) a disposal of shares in company A, or another member of the other group mentioned in subsection (5)(b), made by a member of that other group, or
    - (ii) two or more such disposals,
  - (b) either—
    - (i) subsection (3B) applies to the disposal or, if there is more than one disposal, to at least one of them, or
    - (ii) sub-paragraph (i) does not apply but had subsection (3B) applied to the disposal or, if there is more than one disposal, to each of them, any gain arising on the disposal or disposals would not have been a chargeable gain by virtue of Schedule 7AC, and
  - (c) in the absence of this subsection, section 535 of CTA 2010 (UK REITS: exemption of gains) would not apply to the chargeable gain or allowable loss which would accrue to company A on the sale.
- (7B) Where subsection (7A) applies, subsections (3C) to (3H) apply to the calculation of any chargeable gain or allowable loss accruing on a disposal within subsection (7A)
- (a) to which subsection (3B) applies (a “relevant disposal”) with the following modifications—
    - (a) in subsections (3C) to (3H) for the references to a group disposal substitute references to a relevant disposal, and
    - (b) in subsections (3C), (3D) and (3E) for the references to subsection (3A) substitute references to subsection (7A).]
- (8) Any chargeable gain or allowable loss accruing to [<sup>F32</sup>company A on the sale referred to in subsection (6) is to be treated as accruing immediately before the relevant time.]
- (9) Where—
- (a) by virtue of this section a company is treated as having sold an asset at any time, and
  - (b) if at that time the company had in fact sold the asset at market value at that time, then, by virtue of section 30 [<sup>F33</sup>or 31], any allowable loss or chargeable gain accruing on the disposal would have been calculated as if the consideration for the disposal were increased by an amount,
- subsections (3) and (6) above shall have effect as if the market value at that time had been that amount greater.
- [<sup>F34</sup>(9A) [<sup>F35</sup>Sections 450 and 451 of CTA 2010] (meaning of control) shall have effect for the purposes of subsection (2B) above as [<sup>F36</sup>they have] effect for the purposes of [<sup>F37</sup>Part 10 of CTA 2010]; but a person carrying on a business of banking shall not for the purposes of that subsection be regarded as having control of any company by reason only of having, or of the consequences of having exercised, any rights of that person in respect of loan capital or debt issued or incurred by the company for money lent by that person to the company in the ordinary course of that business.]
- (10) For the purposes of this section—
- [<sup>F38</sup>(a) two companies are associated with each other if one is a 75 per cent subsidiary of the other or both are 75 per cent subsidiaries of another company],
  - (b) a chargeable gain is carried forward from an asset to other property on a replacement of business assets if, by one or more claims under sections 152

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to 158, the chargeable gain accruing on a disposal of the asset is reduced, and as a result an amount falls to be deducted from the expenditure allowable in computing a gain accruing on the disposal of the other property,

- (c) an asset acquired by [<sup>F39</sup>company A] shall be treated as the same as an asset owned at a later time by that company or an associated company if the value of the second asset is derived in whole or in part from the first asset, and in particular where the second asset is a freehold, and the first asset was a leasehold and the lessee has acquired the reversion.

[<sup>F40</sup>(10A) For the purposes of this section an asset is a “chargeable asset” in relation to a company at any time if any gain accruing to the company on a disposal of the asset by the company at that time—

- (a) would be a chargeable gain [<sup>F41</sup>chargeable to corporation tax as a result of section 2B(3) or (4),] or
- (b) would, but for Schedule 7AC (exemptions for disposals by companies with substantial shareholdings), be within paragraph (a).]

<sup>F42</sup>(11) . . . . .

<sup>F42</sup>(12) . . . . .

- (13) Where under this section [<sup>F43</sup>company A] is to be treated as having disposed of, and reacquired, an asset, all such recomputations of liability in respect of other disposals, and all such adjustments of tax, whether by way of assessment or by way of discharge or repayment of tax, as may be required in consequence of the provisions of this section shall be carried out.

#### Textual Amendments

- F2** S. 179(1)(1A) substituted for s. 179(1) (with effect in accordance with Sch. 29 para. 4(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 4\(2\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F3** Words in s. 179(1)(a) substituted (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 10 para. 3\(2\)](#)
- F4** Words in s. 179(1A) omitted (with effect in accordance with Sch. 10 para. 9 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 10 para. 3\(3\)](#)
- F5** S. 179(1AA) inserted (with effect in accordance with reg. 3(1) of the amending S.I.) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), reg. 1(2), [Sch. 1 para. 9](#) (with S.I. 2008/1579, [reg. 4\(1\)](#) (with S.I. 2008/1579, reg. 4(1)))
- F6** S. 179(1B)-(1D) substituted for s. 179(1B)(1C) (with effect in accordance with reg. 3(2) of the amending S.I.) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), reg. 1(2), [Sch. 2 para. 7](#) (with S.I. 2008/1579, reg. 4(1))
- F7** S. 179(2)-(2ZB) substituted for s. 179(2) (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 10 para. 3\(4\)](#)
- F8** S. 179(2A)(2B) inserted (with effect in accordance with s. 49(3) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [s. 49\(1\)](#)
- F9** Words in s. 179(2A) substituted (with effect in accordance with s. 31(5) of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [s. 31\(2\)\(a\)](#)
- F10** S. 179(2A)(a)(aa) substituted for s. 179(2A)(a) (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 10 para. 3\(5\)](#)
- F11** Words in s. 179(2A)(b) substituted (with effect in accordance with Sch. 29 para. 4(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 4\(3\)\(b\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F12** S. 179(2A)(c)(d) substituted (with effect in accordance with s. 31(5) of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [s. 31\(2\)\(b\)](#)



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- F13** S. 179(2AA)(2AB) inserted (with effect in accordance with s. 31(5) of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [s. 31\(3\)](#)
- F14** Words in s. 179(2B) substituted (with effect in accordance with s. 31(5) of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [s. 31\(4\)](#)
- F15** Words in s. 179(2B)-(3) substituted (with effect in accordance with Sch. 29 para. 4(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 4\(4\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F16** Words in s. 179(2B)(b) substituted (with effect in accordance with s. 139(2) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 139\(1\)\(a\)](#)
- F17** Words in s. 179(2B)(c) substituted (with effect in accordance with s. 139(2) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 139\(1\)\(b\)](#)
- F18** Words in s. 179(2B)(c) substituted (with effect in accordance with s. 139(2) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 139\(1\)\(c\)](#)
- F19** S. 179(2C) inserted (with application in accordance with s. 133(3) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 133\(2\)](#)
- F20** S. 179(2D) inserted (with application in accordance with s. 135(5) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 135\(3\)](#)
- F21** S. 179(3A)-(3H) inserted (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 10 para. 3\(6\)](#)
- F22** Words in s. 179(3B)(c) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 65\(2\)](#)
- F23** Word in s. 179(4) substituted (with effect in accordance with s. 44(3)(5) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [Sch. 8 para. 2](#)
- F24** Words in s. 179(4) substituted (with effect in accordance with Sch. 29 para. 4(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 4\(4\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F25** Words in s. 179(4) substituted (27.7.1993 with effect as mentioned in s. 89(2)) by [1993 c. 34](#), [s. 89\(1\)\(2\)](#)
- F26** Words in s. 179(4) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [s. 1184\(1\)](#), [Sch. 1 para. 244\(2\)](#) (with [Sch. 2](#))
- F27** S. 179(5) substituted (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 10 para. 3\(7\)](#)
- F28** Words in s. 179(6) substituted (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 10 para. 3\(8\)\(a\)](#)
- F29** Words in s. 179(6) substituted (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 10 para. 3\(8\)\(b\)](#)
- F30** Words in s. 179(7) substituted (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 10 para. 3\(9\)](#)
- F31** S. 179(7A)(7B) inserted (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 10 para. 3\(10\)](#)
- F32** Words in s. 179(8) substituted (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 10 para. 3\(11\)](#)
- F33** Words in s. 179(9)(b) inserted (with effect in accordance with Sch. 9 para. 6 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 9 para. 4](#)
- F34** S. 179(9A) inserted (with effect in accordance with s. 49(3) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [s. 49\(2\)](#)
- F35** Words in s. 179(9A) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [s. 1184\(1\)](#), [Sch. 1 para. 244\(3\)\(a\)](#) (with [Sch. 2](#))
- F36** Words in s. 179(9A) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [s. 1184\(1\)](#), [Sch. 1 para. 244\(3\)\(b\)](#) (with [Sch. 2](#))
- F37** Words in s. 179(9A) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [s. 1184\(1\)](#), [Sch. 1 para. 244\(3\)\(c\)](#) (with [Sch. 2](#))
- F38** S. 179(10)(a) substituted (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 10 para. 3\(12\)](#)

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- F39** Words in s. 179(10)(c) substituted (with effect in accordance with Sch. 29 para. 4(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), **Sch. 29 para. 4(4)** (with [Sch. 29 para. 46\(5\)](#))
- F40** S. 179(10A) inserted (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 10 para. 3(13)**
- F41** Words in s. 179(10A)(a) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **Sch. 1 para. 65(3)**
- F42** S. 179(11)(12) repealed (with effect in accordance with Sch. 29 para. 4(7), Sch. 40 Pt. II(12) Note 8 of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 4\(5\)](#), **Sch. 40 Pt. II(12)** (with [Sch. 29 para. 46\(5\)](#))
- F43** Words in s. 179(13) substituted (with effect in accordance with Sch. 29 para. 4(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), **Sch. 29 para. 4(4)** (with [Sch. 29 para. 46\(5\)](#))

#### Modifications etc. (not altering text)

- C1** S. 179 excluded (27.7.1993) by 1993 c. 37, s. 12, **Sch. 2 Pt. I para. 4(1)**  
S. 179: modified (27.7.1993) by 1993 c. 37, s. 12, **Sch. 2 Pt. I para. 4(2)**; modified (27.7.1993) by 1993 c. 37, s. 12, **Sch. 2 Pt. I para. 51(2)**
- C2** S. 179 modified (retrospective to 11.1.1994) by [Finance Act 1994 \(c. 9\)](#), s. 252(3), **Sch. 24 para. 8(1)-(3)**
- C3** S. 179 applied (retrospective to 11.1.1994) by [Finance Act 1994 \(c. 9\)](#), s. 252(3), **Sch. 24 para. 8(5)**
- C4** S. 179 restricted (3.5.1994) by [Finance Act 1994 \(c. 9\)](#), s. 250(2)
- C5** S. 179 modified (19.9.1994) by [Coal industry Act 1994 \(c. 21\)](#), s. 68(4), **Sch. 4 para. 8(1)(2)** (with [Sch. 4 paras. 8\(3\), 14](#)); S.I. 1994/2189, art. 2, Sch.
- C6** S. 179 applied (19.9.1994) by [Coal industry Act 1994 \(c. 21\)](#), s. 68(4), **Sch. 4 para. 8(4)** (with [Sch. 4 para. 14](#)); S.I. 1994/2189, art. 2, Sch.
- C7** S. 179 modified (8.11.1995) by [Atomic Energy Authority Act 1995 \(c. 37\)](#), Sch. 3 para. 5(1)(2) (with [Sch. 3 para. 5\(4\)](#))
- C8** S. 179 modified (24.7.1996) by [Broadcasting Act 1996 \(c. 55\)](#), s. 149(1), **Sch. 7 para. 6** (with [Sch. 7 para. 9\(1\)](#))
- C9** Ss. 170-192 restricted (27.7.1999) by [Commonwealth Development Corporation Act 1999 \(c. 20\)](#), Sch. 3 paras. 1, **4(1)**
- C10** S. 179 excluded (27.7.1999) by [Commonwealth Development Corporation Act 1999 \(c. 20\)](#), Sch. 3 paras. 1, **3(4), 4(2)**
- C11** S. 179 modified (12.1.2000) by [Greater London Authority Act 1999 \(c. 29\)](#), s. 425(2), Sch. 33 paras. 3, **9**; S.I. 1999/3434, art. 2
- C12** Ss. 170-181 restricted (12.1.2000) by [Greater London Authority Act 1999 \(c. 29\)](#), ss. **419(3)**, 425(2); S.I. 1999/3434, art. 2
- C13** S. 179 modified (1.2.2001) by [Transport Act 2000 \(c. 38\)](#), s. 275(1), Sch. 7 paras. 8-10; S.I. 2001/57, art. **3(1)**
- C14** S. 179 modified (15.1.2001) by [Transport Act 2000 \(c. 38\)](#), s. 275(1), **Sch. 26 paras. 11, 20, 25, 32**; S.I. 2000/3376, art. 2
- C15** S. 179 modified (5.10.2004) by [Energy Act 2004 \(c. 20\)](#), s. 198(2), **Sch. 9 paras. 5, 19** (with s. 38(2)); S.I. 2004/2575, art. 2(1), Sch. 1
- C16** Ss. 170-181 modified (5.10.2004) by [Energy Act 2004 \(c. 20\)](#), s. 198(2), **Sch. 9 para. 35(a)** (with s. 38(2)); S.I. 2004/2575, art. 2(1), Sch. 1
- C17** S. 179 modified (E.W.S.) (24.7.2005) by [Railways Act 2005 \(c. 14\)](#), s. 60(2), **Sch. 10 para. 26**; S.I. 2005/1909, art. 2, Sch.
- C18** S. 179 modified (22.7.2008) by [Crossrail Act 2008 \(c. 18\)](#), Sch. 13 para. 31
- C19** S. 179 excluded (with effect in accordance with reg. 1(2) of the affecting S.I.) by [The Mutual Societies \(Transfers of Business\) \(Tax\) Regulations 2009 \(S.I. 2009/2971\)](#), regs. 1(1), **17, 18(3)**
- C20** S. 179 modified (with effect in accordance with reg. 1(2) of the affecting S.I.) by [The Mutual Societies \(Transfers of Business\) \(Tax\) Regulations 2009 \(S.I. 2009/2971\)](#), regs. 1(1), **18(4)**

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#### Commencement Information

**II** s. 179: 30.9.1993 appointed for the purposes of s. 179 by [S.I. 1992/3066](#), [art. 2\(2\)\(d\)](#)

#### [<sup>F44</sup>179Z~~A~~ Claim for adjustment of calculations under section 179

- (1) This section applies where—
  - (a) a gain accrues to a company (“company A”) on a sale referred to in subsection (3) or (6) of section 179, or
  - (b) a gain would so accrue but for subsection (3A) or (7A) of that section.
- (2) If subsection (3D) or (3E) of that section applies in relation to one or more group disposals (within the meaning of that section)—
  - (a) the company making the disposal, or
  - (b) if there is more than one disposal, the companies making those disposals acting jointly,may make a claim for the amount of the gain to be treated for the purposes of the subsection in question as reduced by an amount specified in the claim.
- (3) In any other case, company A may make a claim for the amount of the gain to be treated for all purposes of this Act as reduced by an amount specified in the claim.
- (4) Where a claim is made under subsection (2) or (3), the gain must be treated, for the purposes mentioned in the subsection in question, as reduced by such amount (if any) as is just and reasonable.
- (5) In determining the amount which is just and reasonable regard must be had, in particular, to any transaction as a direct or indirect result of which company A or any associated company (within the meaning of section 179(10)) acquired the asset to which the gain relates.
- (6) Where under this section the gain accruing to company A on a sale referred to in subsection (3) or (6) of section 179 is treated as reduced by an amount (“the permitted deduction”), the subsection in question has effect, so far as it provides for the immediate reacquisition of the asset by company A, as if the reference to market value of the asset were to its market value less the permitted deduction.]

#### Textual Amendments

**F44** S. 179ZA inserted (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 10 para. 4](#)

#### Modifications etc. (not altering text)

- C9** Ss. 170-192 restricted (27.7.1999) by [Commonwealth Development Corporation Act 1999 \(c. 20\)](#), [Sch. 3 paras. 1, 4\(1\)](#)
- C12** Ss. 170-181 restricted (12.1.2000) by [Greater London Authority Act 1999 \(c. 29\)](#), [ss. 419\(3\)](#), 425(2); [S.I. 1999/3434](#), art. 2
- C16** Ss. 170-181 modified (5.10.2004) by [Energy Act 2004 \(c. 20\)](#), s. 198(2), [Sch. 9 para. 35\(a\)](#) (with s. 38(2)); [S.I. 2004/2575](#), art. 2(1), [Sch. 1](#)

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#### <sup>F45</sup>179A Reallocation within group of gain or loss accruing under section 179

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##### Textual Amendments

**F45** S. 179A repealed (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 10 para. 5\(a\)](#)

#### <sup>F46</sup>179B Roll-over of degrouping charge on business assets

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##### Textual Amendments

**F46** S. 179B repealed (with effect in accordance with Sch. 10 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 10 para. 5\(b\)](#)

#### <sup>F47</sup>180 Transitional provisions.

.....

##### Textual Amendments

**F47** S. 180 repealed (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 27](#), [Sch. 40 Pt. II\(12\)](#) (with [Sch. 29 para. 46\(5\)](#))

#### 181 Exemption from charge under 178 or 179 in the case of certain mergers.

- (1) Subject to the following provisions of this section, [<sup>F48</sup>section 179 shall not] apply in a case where—
- (a) as part of a merger, a company (“company A”) ceases to be a member of a group of companies (“the A group”); and
  - (b) <sup>F49</sup>... the merger was carried out for bona fide commercial reasons and <sup>F49</sup>... the avoidance of liability to tax was not the main or one of the main purposes of the merger.
- (2) In this section “merger” means an arrangement (which in this section includes a series of arrangements)—
- (a) whereby one or more companies (“the acquiring company” or, as the case may be, “the acquiring companies”) none of which is a member of the A group acquires or acquire, otherwise than with a view to their disposal, one or more interests in the whole or part of the business which, before the arrangement took effect, was carried on by company A; and
  - (b) whereby one or more members of the A group acquires or acquire, otherwise than with a view to their disposal, one or more interests in the whole or part of the business or each of the businesses which, before the arrangement took effect, was carried on either by the acquiring company or acquiring companies or by a company at least 90 per cent. of the ordinary share capital of which was then beneficially owned by 2 or more of the acquiring companies; and

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- (c) in respect of which the conditions in subsection (4) below are fulfilled.
- (3) For the purposes of subsection (2) above, a member of a group of companies shall be treated as carrying on as one business the activities of that group.
- (4) The conditions referred to in subsection (2)(c) above are—
- (a) that not less than 25 per cent. by value of each of the interests acquired as mentioned in paragraphs (a) and (b) of subsection (2) above consists of a holding of ordinary share capital, and the remainder of the interest, or as the case may be of each of the interests, acquired as mentioned in subsection (2) (b), consists of a holding of share capital (of any description) or debentures or both; and
  - (b) that the value or, as the case may be, the aggregate value of the interest or interests acquired as mentioned in subsection (2)(a) above is substantially the same as the value or, as the case may be, the aggregate value of the interest or interests acquired as mentioned in subsection (2)(b) above; and
  - (c) that the consideration for the acquisition of the interest or interests acquired by the acquiring company or acquiring companies as mentioned in subsection (2) (a) above, disregarding any part of that consideration which is small by comparison with the total, either consists of, or is applied in the acquisition of, or consists partly of and as to the balance is applied in the acquisition of, the interest or interests acquired by members of the A group as mentioned in subsection (2)(b) above;

and for the purposes of this subsection the value of an interest shall be determined as at the date of its acquisition.

<sup>F50</sup>(5) .....

#### Textual Amendments

- F48** Words in s. 181(1) substituted (with effect in accordance with Sch. 29 para. 28(2) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 28\(1\)\(a\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F49** Words in s. 181(1)(b) repealed (with effect in accordance with s. 134(2) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 20 para. 58](#), [Sch. 41 Pt. V\(10\)](#)
- F50** S. 181(5) repealed (with effect in accordance with Sch. 29 para. 28(2), Sch. 40 Pt. II(12) Note 9 of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 28\(1\)\(b\)](#), [Sch. 40 Pt. II\(12\)](#) (with [Sch. 29 para. 46\(5\)](#))

#### Modifications etc. (not altering text)

- C9** Ss. 170-192 restricted (27.7.1999) by [Commonwealth Development Corporation Act 1999 \(c. 20\)](#), [Sch. 3 paras. 1, 4\(1\)](#)
- C12** Ss. 170-181 restricted (12.1.2000) by [Greater London Authority Act 1999 \(c. 29\)](#), [ss. 419\(3\), 425\(2\)](#); [S.I. 1999/3434](#), art. 2
- C16** Ss. 170-181 modified (5.10.2004) by [Energy Act 2004 \(c. 20\)](#), s. 198(2), [Sch. 9 para. 35\(a\)](#) (with s. 38(2)); [S.I. 2004/2575](#), art. 2(1), [Sch. 1](#)

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

- Act applied by [1997 c. 16 Sch. 12 para. 12\(7\)](#)[1314](#)
- Act applied by [2002 c. 23 Sch. 16 para. 48\(1\)\(2\)](#)
- Act construed as one with reg. 37 by [S.I. 2006/575 reg. 37\(2\)](#)
- Act construed as one with reg. 38 by [S.I. 2006/575 reg. 38\(3\)](#)

**Whole provisions yet to be inserted into this Act (including any effects on those provisions):**

- s. 4(10)(11) inserted by [2016 c. 11 s. 15\(4\)](#)
- s. 4(10) words inserted by [2016 c. 24 s. 83\(11\)](#)
- s. 35(3)(d)(xviii) added by [2008 c. 17 Sch. 7 para. 9](#)
- s. 35(3)(d)(xviii) inserted by [2008 c. 18 Sch. 13 para. 46](#)
- s. 35(3)(d)(xviii) repealed by [S.I. 2008/3002 Sch. 1 para. 42](#)[Sch. 3](#) (This amendment comes into force on the day 2008 c. 4, s. 5 comes into force, see art. 1(2). That provision was brought into force on 1.12.2008 by [S.I. 2008/3068](#), art. 2(1)(b))
- s. 104(4)(b)(i) words substituted by [S.I. 1989/469](#), reg. 27(2) (as amended) by [S.I. 1997/1716 reg. 13\(1\)\(b\)](#)
- s. 107(11) words substituted by [S.I. 1989/469](#), reg. 27(2A) (as amended) by [S.I. 1997/1716 reg. 13\(2\)\(b\)](#)
- s. 169S(4A) inserted by [2015 c. 11 s. 43\(2\)](#)
- s. 587B inserted by [2000 c. 17 s. 43\(1\)](#)
- Sch. 5C para. 3(1) modified by [S.I. 2004/2199 reg. 7\(1\)](#)
- Sch. 5C para. 3(6) modified by [S.I. 2004/2199 reg. 7\(2\)](#)
- Sch. 5C para. 5(1) modified by [S.I. 2004/2199 reg. 7\(3\)](#)
- Sch. 5C para. 3 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 5 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 6 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 3(1)(f) words substituted by [2007 c. 3 Sch. 1 para. 347](#)