



Taxation of Chargeable Gains Act 1992

1992 CHAPTER 12

PART VI

COMPANIES, OIL, INSURANCE ETC.

CHAPTER I

COMPANIES

Transactions within groups

171 Transfers within a group: general provisions.

[^{F1}(1) Where—

(a) a company (“company A”) disposes of an asset to another company (“company B”) at a time when both companies are members of the same group, and

(b) the conditions in subsection (1A) below are met,

company A and company B are treated for the purposes of corporation tax on chargeable gains as if the asset were acquired by company B for a consideration of such amount as would secure that neither a gain nor a loss would accrue to company A on the disposal.

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

(a) that company A is resident in the United Kingdom at the time of the disposal, or the asset is a chargeable asset in relation to that company immediately before that time, and

(b) that company B is resident in the United Kingdom at the time of the disposal, or the asset is a chargeable asset in relation to that company immediately after that time.

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For this purpose an asset is a “chargeable asset” in relation to a company at any time if, were the asset to be disposed of by the company at that time, any gain accruing to the company would be a chargeable gain [^{F2}chargeable to corporation tax as a result of section 2B(3) or (4).]

[^{F3}(1B) If—

- (a) company A is deemed under section 25(3) to have previously disposed of the asset, but
- (b) no gain or loss accrued on that deemed disposal as a result of section 25ZA(2), that deemed disposal is to be ignored in applying subsection (1) of this section in relation to company B.]

(2) Subsection (1) above shall not apply where the disposal is—

- (a) a disposal of a debt due from [^{F4}company B] effected by satisfying the debt or part of it; or
- (b) a disposal of redeemable shares in a company on the occasion of their redemption; or

^{F5}(ba)

(c) a disposal by or to an investment trust; or

[^{F6}(cc) a disposal by or to a venture capital trust; or]

[^{F7}(cd) a disposal by or to a qualifying friendly society; or]

(d) a disposal to a dual resident investing company; ^{F8}... [^{F9}; or

(da) a disposal by or to a company [^{F10}which is, or is a member of, a UK REIT within the meaning of Part 12 of CTA 2010] (Real Estate Investment Trusts);][^{F11}or

(db) a disposal by company A in fulfilment of its obligations under an option granted to company B at a time when those companies were not members of the same group;]

^{F8}(e)

and the reference in subsection (1) above to [^{F12}company A] disposing of an asset shall not apply to anything which under section 122 is to be treated as a disposal of an interest in shares in a company in consideration for a capital distribution (as defined in that section) from that company, whether or not involving a reduction of capital.

(3) Subsection (1) above shall not apply to a transaction treated [^{F13}by section 127 as it applies by virtue of section 135] as not involving a disposal by [^{F14}company A].

^{F15}(3A)

(4) For the purposes of subsection (1) above, so far as the consideration for the disposal consists of money or money’s worth by way of compensation for any kind of damage or injury to assets, or for the destruction or dissipation of assets or for anything which depreciates or might depreciate an asset, the disposal shall be treated as being to the person who, whether as an insurer or otherwise, ultimately bears the burden of furnishing that consideration.

[^{F16}(5) In subsection (2)(cd) above “qualifying friendly society” means a company which is a qualifying society for the purposes of [^{F17}section 165 of the Finance Act 2012] (incorporated friendly societies entitled to exemption from income tax and corporation tax on certain profits).]

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[^{F18}(6) Subsection (1) above applies notwithstanding any provision in this Act fixing the amount of the consideration deemed to be received on a disposal or given on an acquisition.

But where it is assumed for any purpose that a member of a group of companies has sold or acquired an asset, it shall be assumed also that it was not a sale or acquisition to which this section applies.]

Textual Amendments

- F1** S. 171(1)(1A) substituted for s. 171(1) (with effect in accordance with Sch. 29 para. 2(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 2\(2\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F2** Words in s. 171(1A) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 61\(2\)](#)
- F3** S. 171(1B) inserted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 61\(3\)](#)
- F4** Words in s. 171(2)(a) substituted (with effect in accordance with Sch. 29 para. 2(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), Sch. 29 para. 2(3)(a) (with [Sch. 29 para. 46\(5\)](#))
- F5** S. 171(2)(ba) omitted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by virtue of [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 61\(4\)](#)
- F6** S. 171(2)(cc) inserted (with application in accordance with s. 135(4) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 135\(1\)](#)
- F7** S. 171(2)(cd) inserted (with application in accordance with s. 136(5) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 136\(2\)](#)
- F8** S. 171(2)(e) and preceding word repealed (with effect in accordance with s. 251(1)(a)(7) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), s. 251(7)(b), [Sch. 26 Pt. VIII\(1\)](#)
- F9** S. 171(2)(da) and preceding word inserted (19.7.2006) by [Finance Act 2006 \(c. 25\)](#), [s. 135](#)
- F10** Words in s. 171(2)(da) 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. 243](#) (with [Sch. 2](#))
- F11** S. 171(2)(db) and preceding word inserted (with effect in accordance with Sch. 5 para. 10(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 5 para. 10\(1\)](#)
- F12** Words in s. 171(2) substituted (with effect in accordance with [Sch. 29 para. 2\(6\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 2\(3\)\(b\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F13** Words in s. 171(3) substituted (with effect in accordance with Sch. 9 paras. 7, 8 of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [Sch. 9 para. 5\(10\)](#)
- F14** Words in s. 171(3) substituted (with effect in accordance with [Sch. 29 para. 2\(6\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 2\(4\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F15** S. 171(3A) omitted (retrospective and with effect in accordance with Sch. 24 paras. 12, 13-16 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 24 paras. 9\(b\), 12](#)
- F16** S. 171(5) inserted (with application in accordance with s. 136(5) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 136\(3\)](#)
- F17** Words in s. 171(5) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 18 para. 16](#)
- F18** S. 171(6) added (with effect in accordance with [Sch. 29 para. 2\(6\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 2\(5\)](#) (with [Sch. 29 para. 46\(5\)](#))

Modifications etc. (not altering text)

- C1** S. 171 excluded (27.7.1993 with application as mentioned in s. 165(1)) by [1993 c. 34](#), s. 169, [Sch. 17 para. 7\(2\)\(b\)](#)
- C2** Ss. 171, 172 restricted (with effect in accordance with s. 131(4) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [s. 131\(1\)\(2\)\(a\)](#)
- C3** Ss. 170-192 restricted (27.7.1999) by [Commonwealth Development Corporation Act 1999 \(c. 20\)](#), Sch. 3 paras. 1, [4\(1\)](#)

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- C4 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
- C5 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**
- C6 S. 171 excluded (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Taxation of Securitisation Companies Regulations 2006 \(S.I. 2006/3296\)](#), regs. 1(1), **18(1)**
- C7 S. 171 excluded (with effect in accordance with reg. 1(2) of the affecting S.I.) by [The Taxation of Insurance Securitisation Companies Regulations 2007 \(S.I. 2007/3402\)](#), regs. 1(1), **9(2)**
- C8 S. 171 excluded (with effect in accordance with s. 1329(1) of the affecting Act) by [Corporation Tax Act 2009 \(c. 4\)](#), **ss. 830(1)**, 1329(1) (with **Sch. 2 Pts. 1, 2**)
- C9 S. 171 modified (with effect in accordance with s. 1184(1) of the affecting Act) by [Corporation Tax Act 2010 \(c. 4\)](#), **ss. 601**, 1184(1) (with **Sch. 2**)
- C10 S. 171 excluded (with effect in accordance with s. 148 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), **s. 118(6)(c)** (with s. 147, **Sch. 17**)
- C11 S. 171 excluded (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Risk Transformation \(Tax\) Regulations 2017 \(S.I. 2017/1271\)](#), regs. 1(1), **9**
- C12 S. 171 excluded (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), **Sch. 2 para. 33(3)(a)**
- C13 S. 171(1) excluded (retrospective to 11.1.1994) by [Finance Act 1994 \(c. 9\)](#), s. 252(3), **Sch. 24 para. 2(3)**
- C14 S. 171(1) excluded (retrospective to 11.1.1994) by [Finance Act 1994 \(c. 9\)](#), s. 252(3), **Sch. 24 para. 7(3)**
- C15 S. 171(1) excluded (retrospective to 11.1.1994) by [Finance Act 1994 \(c. 9\)](#), s. 252(3), **Sch. 24 para. 25(3)**
- C16 S. 171(1) restricted (8.11.1995) by [Atomic Energy Authority Act 1995 \(c. 37\)](#), **Sch. 3 para. 4(1)**
- C17 S. 171(1) excluded (24.7.1996) by [Broadcasting Act 1996 \(c. 55\)](#), s. 149(1), **Sch. 7 para. 2(2)** (with **Sch. 7 para. 9(1)**)
- C18 S. 171(1) excluded (1.2.2001) by [Transport Act 2000 \(c. 38\)](#), s. 275(1), **Sch. 7 paras. 2(4), 20(5)**; [S.I. 2001/57](#), **art. 3(1)**
- C19 S. 171(2)(cc) excluded (with effect in accordance with reg. 1(2)(b) of the amending S.I.) by [The Venture Capital Trust \(Winding up and Mergers\) \(Tax\) Regulations 2004 \(S.I. 2004/2199\)](#), regs. 1(1), **12(2)**

[^{F19}171A] Election to reallocate gain or loss to another member of the group

(1) This section applies where—

- (a) a chargeable gain or an allowable loss accrues to a company (“company A”) in respect of an asset (or would so accrue but for an election under this section),
- (b) at the time of accrual, company A and another company (“company B”) are members of the same group, and
- (c) had company A disposed of the asset to company B immediately before the time of accrual, section 171(1) would have applied.

[^{F20}(2) In determining for the purposes of subsection (1)(c) whether subsection (1) of section 171 would have applied, it is to be assumed that subsection (1A)(b) of that section read—

“(b) that—

- (i) at the time of the disposal, company B is resident in the United Kingdom, or carrying on a trade in the United Kingdom through a permanent establishment there, or
- (ii) the asset is a chargeable asset in relation to company B immediately after the time of the disposal.”]

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- (3) In this section “the time of accrual” means the time the chargeable gain or allowable loss accrues to company A (or would so accrue but for an election under this section).
- (4) Companies A and B may make a joint election to transfer the chargeable gain or allowable loss, or such part of it as is specified in the election, from company A to company B [^{F21}(but see subsection (4A))].
- [^{F22}(4A) An election may not be made under this section to transfer the whole or part of a ring fence chargeable gain from a company carrying on a ring fence trade to a company not carrying on such a trade.
- (4B) In subsection (4A)—
- “ring fence chargeable gain”, in relation to a company, means—
- (a) a chargeable gain accruing to the company on a material disposal within the meaning of section 197 (disposals of interests in oil fields etc: ring fence provisions), or
- (b) a chargeable gain treated as accruing to the company by virtue of section 197(4);
- “ring fence trade” has the same meaning as in Part 8 of CTA 2010 (see section 277 of that Act).]
- (5) An election under this section must be made—
- (a) by notice to an officer of Revenue and Customs, and
- (b) no later than two years after the end of the accounting period of company A in which the time of accrual falls.
- (6) An election, or two or more elections made simultaneously, is or are of no effect if, taken together with each earlier election (if any) made in respect of the same gain or loss, it or they would (apart from this subsection) have effect in relation to an amount exceeding the gain or loss.
- ^{F23}(7)
- (8) For the effect of an election under this section, see section 171B.]

Textual Amendments

- F19** Ss. 171A-171C substituted for s. 171A (with effect in accordance with Sch. 12 para. 5 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 12 para. 1](#)
- F20** S. 171A(2) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 62](#)
- F21** Words in s. 171A(4) inserted (with effect in accordance with s. 181(4)(5) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [s. 181\(2\)](#)
- F22** S. 171A(4A)(4B) inserted (with effect in accordance with s. 181(4)(5) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [s. 181\(3\)](#)
- F23** S. 171A(7) 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. 2](#)

Modifications etc. (not altering text)

- C5** 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](#)
- C20** Ss. 171A-171C modified (with effect in accordance with s. 1184(1) of the affecting Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [ss. 601, 1184\(1\)](#) (with [Sch. 2](#))

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C21 S. 171A excluded (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Risk Transformation \(Tax\) Regulations 2017 \(S.I. 2017/1271\)](#), regs. 1(1), 9

[^{F19}171B Election under section 171A: effect

- (1) This section applies where an election is made under section 171A.
- (2) The effect of the election is that the chargeable gain or allowable loss, or such amount of it as is specified in the election, is treated as accruing not to company A but to company B.
- (3) The gain or loss treated as accruing to company B is to be taken to accrue at the time that, had the election not been made, it would have accrued to company A.
- (4) Where company B is not resident in the United Kingdom, the gain or loss treated as accruing to it is to be taken to accrue in respect of a chargeable asset held by it.
- (5) For this purpose 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 would be a chargeable gain [^{F24}chargeable to corporation tax as a result of section 2B(3) or (4).]
- (6) Any payment made by company A to company B or by company B to company A, in pursuance of an agreement between them in connection with the election—
 - (a) is not to be taken into account in computing profits or losses of either company for corporation tax purposes, and
 - (b) is not for any purposes of the Corporation Tax Acts to be regarded as a distribution,
 provided it does not exceed the amount of the chargeable gain or allowable loss that is treated, as a result of the election, as accruing to company B.]

Textual Amendments

- F19** Ss. 171A-171C substituted for s. 171A (with effect in accordance with Sch. 12 para. 5 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 12 para. 1](#)
- F24** Words in s. 171B(5) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 63](#)

Modifications etc. (not altering text)

- C20** Ss. 171A-171C modified (with effect in accordance with s. 1184(1) of the affecting Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [ss. 601, 1184\(1\)](#) (with [Sch. 2](#))

[^{F19}171C Elections under section 171A: insurance companies

- (1) This section applies where —
 - (a) an election is made under section 171A in relation to a gain or loss, and
 - (b) company B is an insurance company.
- (2) For the purposes of section 171A(1)(c), [^{F25}section 118 of the Finance Act 2012] (disposals of certain assets by and to insurance companies to fall outside the rule in section 171) is to be disregarded.

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- (3) Subsection (2) does not apply if—
- (a) company A is an insurance company, and
 - (b) the gain or loss arose in respect of the disposal of an asset that, immediately before the disposal, was [^{F26}held for the purposes of the company's long-term business].
- (4) The chargeable gain or allowable loss treated as accruing to company B as a result of the election is to be treated [^{F27}for the purposes of section 210A (ring-fencing of losses) as a non-BLAGAB chargeable gain or (as the case may be) a non-BLAGAB allowable loss].

^{F28}(5)]

Textual Amendments

- F19** Ss. 171A-171C substituted for s. 171A (with effect in accordance with Sch. 12 para. 5 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 12 para. 1**
- F25** Words in s. 171C(2) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), **Sch. 16 para. 77(2)**
- F26** Words in s. 171C(3)(b) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), **Sch. 16 para. 77(3)**
- F27** Words in s. 171C(4) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), **Sch. 16 para. 77(4)**
- F28** S. 171C(5) omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\)](#), **Sch. 16 para. 77(5)**

Modifications etc. (not altering text)

- C20** Ss. 171A-171C modified (with effect in accordance with s. 1184(1) of the affecting Act) by [Corporation Tax Act 2010 \(c. 4\)](#), **ss. 601, 1184(1)** (with Sch. 2)

^{F29}172 Transfer of United Kingdom branch or agency.

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Textual Amendments

- F29** S. 172 repealed (with effect in accordance with Sch. 29 para. 3(2), Sch. 40 Pt. 2(12) Note 5 of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 3\(1\)](#), **Sch. 40 Pt. II(12)** (with [Sch. 29 para. 46\(5\)](#))

[^{F30}173 Transfers within a group: trading stock.

- (1) Where—
- (a) a company (“company A”) acquires an asset as trading stock of a trade to which this section applies,
 - (b) the acquisition is from a company (“company B”) that at the time of the acquisition is a member of the same group of companies, and
 - (c) the asset did not form part of the trading stock of any such trade carried on by company B,
- company A is treated for the purposes of section 161 as having acquired the asset otherwise than as trading stock and immediately appropriated it for the purposes of the trade as trading stock.

- (2) Where—

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- (a) a company (“company C”) disposes of an asset forming part of the trading stock of a trade to which this section applies carried on by that company,
- (b) the disposal is to another company (“company D”) that at the time of the disposal is a member of the same group of companies, and
- (c) the asset is acquired by company D otherwise than as trading stock of any such trade carried on by it,

company C is treated for the purposes of section 161 as having appropriated the asset immediately before the disposal for some purpose other than the purpose of use as trading stock.

- (3) The trades to which this section applies are—
 - (a) any trade carried on by a company resident in the United Kingdom, and
 - (b) any trade carried on in the United Kingdom through a [^{F31}permanent establishment] by a company not so resident.]

Textual Amendments

- F30** S. 173 substituted (with effect in accordance with Sch. 29 para. 11(2) of the amending Act) by Finance Act 2000 (c. 17), **Sch. 29 para. 11(1)** (with Sch. 29 para. 46(5))
- F31** Words in s. 173(3)(b) substituted (with effect in accordance with s. 153(4) of the amending Act) by Finance Act 2003 (c. 14), **s. 153(1)(b)**

Modifications etc. (not altering text)

- C3** Ss. 170-192 restricted (27.7.1999) by Commonwealth Development Corporation Act 1999 (c. 20), Sch. 3 paras. 1, **4(1)**
- C4** 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
- C5** 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
- C22** S. 173 excluded (with effect in accordance with s. 148 of the amending Act) by Finance Act 2012 (c. 14), **s. 118(6)(e)** (with s. 147, Sch. 17)

174 Disposal or acquisition outside a group.

- ^{F32}(1)
- ^{F32}(2)
- ^{F32}(3)

(4) Schedule 2 shall apply in relation to a disposal of an asset by a company which is or has been a member of a group of companies, and which acquired the asset from another member of the group [^{F33}in a transfer to which section 171(1) applied], as if all members of the group for the time being were the same person, and as if the acquisition or provision of the asset by the group, so taken as a single person, had been the acquisition or provision of it by the member disposing of it.

- ^{F34}(5)

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Textual Amendments

- F32** S. 174(1)-(3) repealed (with effect in accordance with Sch. 40 Pt. II(12) Note 6 of the amending Act) by [Finance Act 2000 \(c. 17\)](#), **Sch. 40 Pt. II(12)** (with [Sch. 29 para. 46\(5\)](#))
- F33** Words in s. 174(4) substituted (with effect in accordance with Sch. 29 para. 13(4) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), **Sch. 29 para. 13(2)** (with [Sch. 29 paras. 13\(5\), 46\(5\)](#))
- F34** S. 174(5) repealed (with effect in accordance with Sch. 29 para. 13(4), Sch. 40 Pt. II(12) Note 6 of the amending Act) by [Finance Act 2000 \(c. 17\)](#), **Sch. 29 para. 13(3)**, Sch. 40 Pt. II(12) (with [Sch. 29 paras. 13\(5\), 46\(5\)](#))

Modifications etc. (not altering text)

- C3** Ss. 170-192 restricted (27.7.1999) by [Commonwealth Development Corporation Act 1999 \(c. 20\)](#), [Sch. 3 paras. 1, 4\(1\)](#)
- C4** 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
- C5** 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
- C23** S. 174 modified (19.9.1994) by [Coal industry Act 1994 \(c. 21\)](#), s. 68(4), **Sch. 4 para. 21(2)** (with [Sch. 4 para. 14](#)); [S.I. 1994/2189](#), art. 2, Sch.

175 Replacement of business assets by members of a group.

- (1) Subject to subsection (2) below, for the purposes of sections 152 to 158 all the trades ^{F35}to which this section applies] carried on by members of a group of companies shall, for the purposes of corporation tax on chargeable gains, be treated as a single trade ^{F36}...

^{F37}(1A) The trades to which this section applies are—

- (a) any trade carried on by a company that is resident in the United Kingdom, and
- (b) any trade carried on in the United Kingdom through a ^{F38}permanent establishment] by a company not so resident.]

- (2) Subsection (1) above does not apply where so much of the consideration for the disposal of the old assets as is applied in acquiring the new assets or the interest in them is so applied by a member of the group which is a dual resident investing company ^{F39}... and in this subsection “the old assets” and “the new assets” have the same meanings as in section 152.

^{F40}(2A) Section 152 [^{F41}or 153] shall apply where—

- (a) the disposal is by a company which, at the time of the disposal, is a member of a group of companies,
- (b) the acquisition is by another company which, at the time of the acquisition, is a member of the same group, and

^{F42}(ba) [the conditions in subsection (2AA) below are met, and]

- (c) the claim is made by both companies, as if both companies were the same person.

^{F43}(2AA) [The conditions referred to in subsection (2A)(ba) above are—

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

For this purpose an asset is a “chargeable asset” in relation to a company at any time if, were the asset to be disposed of by the company at that time, any gain accruing to the company would be a chargeable gain and would by virtue of [F44 section 2B(3)] form part of its chargeable profits for corporation tax purposes.]

(2B) Section 152 [F45 or 153] shall apply where a company which is a member of a group of companies but is not carrying on a trade—

- (a) disposes of assets (or an interest in assets) used, and used only, for the purposes of the trade which (in accordance with subsection (1) above) is treated as carried on by the members of the group which carry on a trade, or
- (b) acquires assets (or an interest in assets) taken into use, and used only, for those purposes,

as if the first company were carrying on that trade.

(2C) [F46 Neither section 152 nor section 153 shall] apply if the acquisition of, or of the interest in, the new assets—

- (a) is made by a company which is a member of a group of companies, and
- (b) is one to which any of the [F47 no gain/no loss provisions] applies [F48 or is one where, by virtue of section 195B, 195C or 195E, neither a gain nor a loss accrues to the person making the disposal].]

[F49 (3) Section 154(2) applies where the company making the claim is a member of a group of companies—

- (a) as if all members of the group for the time being carrying on a trade to which this section applies were the same person, and
- (b) in accordance with subsection (1) above, as if all those trades were the same trade;

so that the gain accrues to the member of the group holding the asset concerned on the occurrence of the event mentioned in section 154(2).]

(4) Subsection (2) above shall apply where the acquisition took place before 20th March 1990 and the disposal takes place within the period of 12 months beginning with the date of the acquisition or such longer period as the Board may by notice allow with the omission of the words from “or a company” to “the acquisition”.

Textual Amendments

- F35** Words in s. 175(1) inserted (with effect in accordance with Sch. 29 para. 10(7) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 10\(2\)](#) (with [Sch. 29 paras. 10\(8\), 46\(5\)](#))
- F36** Words in s. 175(1) repealed (with effect in accordance with Sch. 29 Pt. VIII(4) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 29 Pt. VIII\(4\)](#)
- F37** S. 175(1A) inserted (with effect in accordance with Sch. 29 para. 10(7) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 10\(3\)](#) (with [Sch. 29 paras. 10\(8\), 46\(5\)](#))
- F38** Words in s. 175(1A)(b) substituted (with effect in accordance with s. 153(4) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [s. 153\(1\)\(b\)](#)

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- F39** Words in s. 175(2) repealed (with effect in accordance with s. 251(1)(a)(8) of the amending Act) by [Finance Act 1994 \(c. 9\), s. 251\(8\), Sch. 26 Pt. VIII\(1\)](#)
- F40** S. 175(2A)-(2C) inserted (retrospectively as respects s. 175(2A), with application in accordance with s. 48(5) of the amending Act as respects s. 175(2B)(2C)) by [Finance Act 1995 \(c. 4\), s. 48\(1\)\(3\)](#) (with s. 48(4)(5))
- F41** Words in s. 175(2A) inserted (with effect in accordance with s. 121(8) of the amending Act) by [Finance Act 1996 \(c. 8\), s. 141\(3\)\(a\)](#)
- F42** S. 175(2A)(ba) inserted (with effect in accordance with Sch. 29 para. 10(7) of the amending Act) by [Finance Act 2000 \(c. 17\), Sch. 29 para. 10\(4\)](#) (with [Sch. 29 paras. 10\(8\), 46\(5\)](#))
- F43** S. 175(2AA) inserted (with effect in accordance with Sch. 29 para. 10(7) of the amending Act) by [Finance Act 2000 \(c. 17\), Sch. 29 para. 10\(5\)](#) (with [Sch. 29 paras. 10\(8\), 46\(5\)](#))
- F44** Words in s. 175(2AA) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\), Sch. 1 para. 64](#)
- F45** Words in s. 175(2B) inserted (with effect in accordance with s. 121(8) of the amending Act) by [Finance Act 1996 \(c. 8\), s. 141\(3\)\(a\)](#)
- F46** Words in s. 175(2C) substituted (with effect in accordance with s. 121(8) of the amending Act) by [Finance Act 1996 \(c. 8\), s. 141\(3\)\(b\)](#)
- F47** Words in s. 175(2C) substituted (with effect in accordance with Sch. 2 para. 71 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 2 para. 62](#)
- F48** Words in s. 175(2C)(b) inserted (with effect in accordance with Sch. 40 para. 8 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 40 para. 4](#)
- F49** S. 175(3) substituted (with effect in accordance with Sch. 29 para. 10(7) of the amending Act) by [Finance Act 2000 \(c. 17\), Sch. 29 para. 10\(6\)](#) (with [Sch. 29 paras. 10\(8\), 46\(5\)](#))

Modifications etc. (not altering text)

- C3** Ss. 170-192 restricted (27.7.1999) by [Commonwealth Development Corporation Act 1999 \(c. 20\), Sch. 3 paras. 1, 4\(1\)](#)
- C4** 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](#)
- C5** 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](#)
- C24** S. 175(2A)(c) restricted (1.5.1995) by [Finance Act 1995 \(c. 4\), s. 48\(4\)](#)

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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](#)