



Taxation of Chargeable Gains Act 1992

1992 CHAPTER 12

PART VI U.K.

COMPANIES, OIL, INSURANCE ETC.

CHAPTER IV U.K.

MISCELLANEOUS CASES

Building societies etc.

217 Shares, and rights to shares, in successor company. U.K.

- (1) Where, in connection with the transfer, there are conferred on members of the society—
 - (a) any rights to acquire shares in the successor company in priority to other persons, or
 - (b) any rights to acquire shares in that company for consideration of an amount or value lower than the market value of the shares, or
 - (c) any rights to free shares in that company,any such right so conferred on a member shall be regarded for the purposes of tax on chargeable gains as an option (within the meaning of section 144) granted to, and acquired by, him for no consideration and having no value at the time of that grant and acquisition.
- (2) Where, in connection with the transfer, shares in the successor company are issued by that company, or disposed of by the society, to a member of the society, those shares shall be regarded for the purposes of tax on chargeable gains—
 - (a) as acquired by the member for a consideration of an amount or value equal to the amount or value of any new consideration given by him for the shares (or, if no new consideration is given, as acquired for no consideration); and

Changes to legislation: Taxation of Chargeable Gains Act 1992, Section 217 is up to date with all changes known to be in force on or before 15 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (b) as having, at the time of their acquisition by the member, a value equal to the amount or value of the new consideration so given (or, if no new consideration is given, as having no value);

but this subsection is without prejudice to the operation of subsection (1) above, where applicable.

- (3) Subsection (4) below applies in any case where—

- (a) in connection with the transfer, shares in the successor company are issued by that company, or disposed of by the society, to ^{F1}the trustees of a settlement] on terms which provide for the transfer of those shares to members of the society for no new consideration; ^{F2}...

^{F3}(b)

- (4) Where this subsection applies, then, for the purposes of tax on chargeable gains—

- (a) the shares shall be regarded as acquired by the trustees for no consideration;
- (b) the interest of any member in the settled property constituted by the shares shall be regarded as acquired by him for no consideration and as having no value at the time of its acquisition;
- (c) where a member becomes absolutely entitled as against the trustees to any of the settled property, both the trustees and the member shall be treated as if, on his becoming so entitled, the shares in question had been disposed of and immediately reacquired by the trustees, in their capacity as trustees within section 60(1), for a consideration of such an amount as would secure that on the disposal neither a gain nor a loss would accrue to the trustees (and accordingly section 71 shall not apply in relation to that occasion); and
- (d) on the disposal by a member of an interest in the settled property, other than the disposal treated as occurring for the purposes of paragraph (c) above, any gain accruing shall be a chargeable gain (and accordingly section 76(1) shall not apply in relation to the disposal).

- (5) Where, in connection with the transfer, the society disposes of any shares in the successor company, then, for the purposes of this Act, any gains ^{F4}accruing] on the disposal shall not be chargeable gains.

- (6) In this section—

“free shares”, in relation to a member of the society, means any shares issued by the successor company, or disposed of by the society, to that member in connection with the transfer but for no new consideration;

“member”, in relation to the society, means a person who is or has been a member of it, in that capacity, and any reference to a member includes a reference to a member of any particular class or description;

“new consideration” means consideration other than—

- (a) consideration provided directly or indirectly out of the assets of the society; or
- (b) consideration derived from a member’s shares or other rights in the society.

- (7) References in this section to the case where a member becomes absolutely entitled to settled property as against the trustees shall be taken to include references to the case where he would become so entitled but for being an infant or otherwise under disability.

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Textual Amendments

- F1** Words in s. 217(3)(a) substituted (with effect in accordance with Sch. 12 para. 20(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 12 para. 20(1)(a)(i)**
- F2** Word in s. 217(3)(a) repealed (with effect in accordance with Sch. 12 para. 20(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 para. 20\(1\)\(a\)\(ii\)](#), **Sch. 26 Pt. 3(15)**
- F3** S. 217(3)(b) repealed (with effect in accordance with Sch. 12 para. 20(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 para. 20\(1\)\(b\)](#), **Sch. 26 Pt. 3(15)**
- F4** Word in s. 217(5) substituted (with effect in accordance with Sch. 12 para. 20(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 12 para. 20(1)(c)**

Changes to legislation:

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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](#)