

Status: Point in time view as at 19/07/2011.

Changes to legislation: Finance Act 2011, Cross Heading: Substantial shareholding exemption is up to date with all changes known to be in force on or before 11 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)

SCHEDULES

SCHEDULE 10 **U.K.**

COMPANY CEASING TO BE MEMBER OF GROUP

Substantial shareholding exemption

6 (1) Schedule 7AC to TCGA 1992 (exemptions for disposals by companies with substantial shareholdings) is amended as follows.

(2) After paragraph 15 insert—

“Effect of transfer of trading assets within a group

15A(1) For the purposes of this Part, the period for which the investing company is treated as holding a substantial shareholding in the company invested in is extended in accordance with sub-paragraph (3) if the following conditions are met.

(2) The conditions are—

- (a) that, immediately before the disposal, the investing company holds a substantial shareholding in the company invested in,
- (b) that an asset which, at the time of the disposal, is being used for the purposes of a trade carried on by the company invested in was transferred to it by the investing company or another company,
- (c) that, at the time of the transfer of the asset, the company invested in, the investing company and, if different, the company which transferred the asset were all members of the same group, and
- (d) that the asset was previously used by a member of the group (other than the company invested in) for the purposes of a trade carried on by that member at a time when it was such a member.

(3) The investing company is to be treated as having held the substantial shareholding at any time during the final 12 month period when the asset was used as mentioned in sub-paragraph (2)(d) (if it did not hold a substantial shareholding at that time).

(4) “The final 12 month period” means the period of 12 months ending with the time of the disposal.”

(3) In paragraph 19 (requirements relating to the company invested in), after sub-paragraph (2) insert—

“(2A) If the conditions in paragraph 15A(2)(b) to (d) are met, sub-paragraph (2B) applies for the purpose of determining whether the requirement of sub-paragraph (1)(a) is satisfied.

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- (2B) The company invested in is to be treated as having been a trading company at any time during the final 12 month period when the asset was used as mentioned in paragraph 15A(2)(d) (if it was not a trading company at that time).
- (2C) “The final 12 month period” has the meaning given in paragraph 15A(4).”

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