



Finance Act 2011

2011 CHAPTER 11

PART 2

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Anti-avoidance provisions

31 Company ceasing to be member of group: availability of relief

(1) Section 179 of TCGA 1992 (company ceasing to be member of group: post-appointed day cases) is amended as follows.

(2) In subsection (2A)—

- (a) for “Where” substitute “Subsection (2AA) applies where”, and
- (b) for paragraphs (c) and (d) and the words following those paragraphs substitute—

“(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.”

(3) After that subsection insert—

“(2AA) Where this subsection applies—

- (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

Status: This is the original version (as it was originally enacted).

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."

- (4) In subsection (2B) for "if, at the time when company A ceases to be a member of the second group" substitute "at a particular time if, at that time,".
- (5) The amendments made by this section have effect in relation to a company in any case in which the time of the company's ceasing to be a member of the first group is on or after 23 March 2011.