

SCHEDULE 1

Regulation 3

AMENDMENTS TO TCGA 1992

1. TCGA 1992 is amended as follows.
2. In section 116(8A)(1) (reorganisations, conversions and reconstructions) at the end insert—

“This subsection does not apply in relation to a transaction to which paragraph 12G of Schedule 9 to the Finance Act 1996 (c. 8) (exchanges etc: treatment of loan relationships) applies.”.
3. In section 140F(2)(2) (merger: assets outside UK tax charge)—
 - (a) omit “and” at the end of paragraph (d), and
 - (b) after paragraph (e) insert—

“and

 - (f) in the case of a merger to which subsection (1)(c) or (d) applies, in the course of the merger each transferor ceases to exist without being in liquidation (within the meaning given by section 247 of the Insolvency Act 1986 (c.55)).”.
4. After section 140G (treatment of securities issued on merger) insert—

“Disapplication of sections 24 and 122 where subsidiary merges with its parent

140GA. Sections 24 and 122 do not apply if—

 - (a) a merger is effected by the transfer by a company (“the transferor company”) of all of its assets and liabilities to a single company that holds the whole of the ordinary share capital in the transferor company,
 - (b) each merging company is resident in a member State,
 - (c) the merging companies are not all resident in the same State,
 - (d) section 139 does not apply in relation to the transfer, and
 - (e) in the course of the merger the transferor company ceases to exist without being in liquidation (within the meaning given by section 247 of the Insolvency Act 1986 (c. 55)).”.
5. In section 140I(1)(a)(3) (division of business or transfer of assets) for “to which section 140A(1) or 140A(1A) applies (or to which either of those provisions would apply” substitute “mentioned in section 140A(1) or (1A) (or which would be of such a kind”.
6. In section 140J(1)(a) (mergers) for “to which section 140E(1) applies” substitute “mentioned in section 140E(1)”.
7. In section 140L(1) (interpretation) after “140K” insert “and this section”.

(1) Section 116(8A) was inserted by paragraph 60(3) of Schedule 14 to the Finance Act 1996 and was amended by paragraph 8 of Schedule 6 to the Finance (No. 2) Act 2005 (c.22).

(2) Sections 140E to 140G were substituted by paragraph 2 of Schedule 2 to S.I. 2007/3186.

(3) Sections 140I to 140L were inserted by paragraph 1 of Schedule 3 to S.I. 2007/3186.