



# Finance Act 1982

## 1982 CHAPTER 39

### PART III

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER I

#### GENERAL

#### **53 Purchase of own shares by unquoted trading company**

- (1) References in the Corporation Tax Acts to distributions of a company shall not include references to a payment made by a company on the redemption, repayment or purchase of its own shares if—
- (a) the company is an unquoted company and either a trading company or the holding company of a trading group; and
  - (b) the redemption, repayment or purchase is made wholly or mainly for the purpose of benefiting a trade carried on by the company or by any of its 75 per cent, subsidiaries, and does not form part of a scheme or arrangement the main purpose or one of the main purposes of which is—
    - (i) to enable the owner of the shares to participate in the profits of the company without receiving a dividend, or
    - (ii) the avoidance of tax ; and
  - (c) the conditions in paragraphs 1 to 9 of Schedule 9 to this Act, so far as applicable, are satisfied in relation to the owner of the shares.
- (2) References in the Corporation Tax Acts to distributions of a company shall not include references to a payment made by a company on the redemption, repayment or purchase of its own shares if—
- (a) the company is within subsection (1)(a) above, and
  - (b) the whole or substantially the whole of the payment (apart from any sum applied in paying capital gains tax charged on the redemption, repayment or

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***Status:** This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.*

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purchase) is applied by the person to whom it is made in discharging a liability of his for capital transfer tax charged on a death, and is so applied within the period of two years after the death ;

but this subsection shall not apply to the extent that the liability could without undue hardship have been discharged otherwise than through the redemption, repayment or purchase of shares in the company or another company within subsection (1)(a) above.

- (3) Schedule 9 to this Act shall have effect for supplementing this section ; and in that Schedule " the purchase " means the redemption, repayment or purchase referred to in subsection (1) above, and " the vendor " means the owner of the shares at the time it is made.
- (4) This section has effect in relation to payments made on or after 6th April 1982.