



# Income and Corporation Taxes Act 1988

## 1988 CHAPTER 1

### PART VI

#### COMPANY DISTRIBUTIONS, TAX CREDITS ETC

#### CHAPTER III

##### MATTERS WHICH ARE NOT DISTRIBUTIONS FOR THE PURPOSES OF THE CORPORATION TAX ACTS

###### *Purchase of own shares*

#### **220 Conditions as to residence and period of ownership.**

- <sup>M1</sup>(1) The vendor must be resident and ordinarily resident in the United Kingdom in the year of assessment in which the purchase is made and if the shares are held through a nominee the nominee must also be so resident and ordinarily resident.
- (2) <sup>F1</sup>.....
- (3) The residence and ordinary residence of personal representatives shall be taken for the purposes of this section to be the same as the residence and ordinary residence of the deceased immediately before his death.
- (4) The references in this section to a person's ordinary residence shall be disregarded in the case of a company.
- (5) The shares must have been owned by the vendor throughout the period of five years ending with the date of the purchase.
- (6) If at any time during that period the shares were transferred to the vendor by a person who was then his spouse [<sup>F2</sup>or civil partner] living with him then, unless that person is alive at the date of the purchase but is no longer the vendor's spouse [<sup>F2</sup>or civil partner] living with him, any period during which the shares were owned by that person shall

*Status: Point in time view as at 19/07/2007. This version of this provision has been superseded.*

**Changes to legislation:** *Income and Corporation Taxes Act 1988, Section 220 is up to date with all changes known to be in force on or before 05 August 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)*

be treated for the purposes of subsection (5) above as a period of ownership by the vendor.

- (7) Where the vendor became entitled to the shares under the will or on the intestacy of a previous owner or is the personal representative of a previous owner—
- (a) any period during which the shares were owned by the previous owner or his personal representatives shall be treated for the purposes of subsection (5) above as a period of ownership by the vendor, and
  - (b) that subsection shall have effect as if it referred to three years instead of five.
- (8) In determining whether the condition in subsection (5) above is satisfied in a case where the vendor acquired shares of the same class at different times—
- (a) shares acquired earlier shall be taken into account before shares acquired later, and
  - (b) any previous disposal by him of shares of that class shall be assumed to be a disposal of shares acquired later rather than of shares acquired earlier.
- (9) If for the purposes of capital gains tax the time when shares were acquired would be determined under any provision of Chapter II of Part IV of the [F31992] Act (reorganisation of share capital, conversion of securities, etc.) then, unless the shares were allotted for payment or were comprised in share capital to which section 249 applies, it shall be determined in the same way for the purposes of this section.

#### Textual Amendments

- F1** S. 220(2) repealed (6.4.2007) by Finance Act 2006 (c. 25), Sch. 13 paras. 8, 27(2), **Sch. 26 Pt. 3(15)**, Note
- F2** Words in s. 220(6) inserted (5.12.2005) by The Tax and Civil Partnership Regulations 2005 (S.I. 2005/3229), **regs. 1(1), 49**
- F3** Words in s. 220(2)(9) substituted (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 289, 290, **Sch. 10 para. 14(14)** (with ss. 60, 101(1), 171, 201(3)).

#### Marginal Citations

- M1** Source—1982 Sch.9 1, 2

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