

Status: Point in time view as at 01/04/2010.

Changes to legislation: *Taxation of Chargeable Gains Act 1992, Cross Heading: Companies leaving groups is up to date with all changes known to be in force on or before 13 June 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)*



Taxation of Chargeable Gains Act 1992

1992 CHAPTER 12

PART VI

COMPANIES, OIL, INSURANCE ETC.

CHAPTER I

COMPANIES

Companies leaving groups

^{F1}178 Company ceasing to be member of group: pre-appointed day cases.

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Textual Amendments

F1 S. 178 repealed (28.7.2000) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 26](#), [Sch. 40 Pt. II\(12\)](#) (with [Sch. 29 para. 46\(5\)](#))

179 Company ceasing to be member of group: post-appointed day cases.

^{F2}(1) This section applies where—

- (a) a company (“company A”) acquires an asset from another company (“company B”) at a time when company B is a member of a group,
- (b) the conditions in subsection (1A) below are met, and
- (c) company A ceases to be a member of that group within the period of six years after the time of the acquisition.

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References in this section to a company ceasing to be a member of a group of companies do not apply to cases where a company ceases to be a member of a group in consequence of another member of the group ceasing to exist.

(1A) The conditions referred to in subsection (1)(b) above are—

- (a) that company A is resident in the United Kingdom at the time it acquires the asset, or the asset is a chargeable asset in relation to that company immediately after that time, and
- (b) that company B is resident in the United Kingdom at the time of that acquisition, or the asset is a chargeable asset in relation to that company immediately before that time.

For this purpose an asset is a “chargeable asset” in relation to a company at any time if, were the asset to be disposed of by the company at that time, any gain accruing to the company would be a chargeable gain and would by virtue of section [F³10B] form part of its chargeable profits for corporation tax purposes.]

[F⁴(1AA) If shares in a company are transferred as part of the process of the transfer of a business to which section 140A or 140C applies and in consequence of the transfer the company ceases to be a member of a group (“Group 1”)—

- (a) the company shall not be treated for the purposes of this section as having left Group 1, and
- (b) if the transferee is a member of a group (“Group 2”) and in consequence of the transfer the company becomes a member of Group 2 it shall be treated, for the purposes of this section, as if Group 1 and Group 2 were the same.]

[F⁵(1B) Where, as part of the process of a merger to which section 140E applies, a company which is a member of a group (“Group 1”) ceases to exist and in consequence of that cessation—

- (a) assets are transferred to the transferee, or
- (b) shares in one or more companies which were also members of the group are transferred to the transferee,

a company which has ceased to exist, or the shares in which have been transferred to the transferee, shall not be treated for the purposes of this section as having left Group 1.

(1C) If subsection (1B) applies in relation to a company then for the purposes of this section—

- (a) the transferee and a company which has ceased to exist in consequence of the merger shall be treated as the same entity, and
- (b) if the transferee is a member of a group (“Group 2”) following the merger (whether or not as the principal company of the group) a company which was a member of Group 1 and became a member of Group 2 in consequence of the merger shall be treated, for the purposes of this section, as if Group 1 and Group 2 were the same.

(1D) In subsections (1B) and (1C), “transferor” and “transferee” have the meaning given by section 140E(9).]

- (2) Where 2 or more associated companies cease to be members of the group at the same time, subsection (1) above shall not have effect as respects an acquisition by one from another of those associated companies.

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[^{F6}(2A) Where—

- (a) a company [^{F7}(“company A”)] that has ceased to be a member of a group of companies (“the first group”) acquired an asset from another company [^{F8}(“company B”)] which was a member of that group at the time of the acquisition,
- (b) subsection (2) above applies in the case of [^{F9}company A’s] ceasing to be a member of the first group so that subsection (1) above does not have effect as respects the acquisition of that asset,
- (c) [^{F10}company A] subsequently ceases to be a member of another group of companies (“the second group”), and
- (d) there is a connection between the two groups,

subsection (1) above shall have effect in relation to [^{F11}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.

(2B) For the purposes of subsection (2A) above there is a connection between the first group and the second group if, at the time when [^{F12}company A] ceases to be a member of the second group, the company which is the principal company of that group is under the control of—

- (a) the company which is the principal company of the first group or, if that group no longer exists, which was the principal company of that group when [^{F12}company A] ceased to be a member of it;
- (b) any [^{F13}person or persons who control the company mentioned in paragraph (a) above or who have had it under their] control at any time in the period since [^{F12}company A] ceased to be a member of the first group; or
- (c) any [^{F14}person or persons who have, at any time in that period, had under their] control either—
 - (i) a company which would have [^{F15}been a person falling] within paragraph (b) above if it had continued to exist, or
 - (ii) a company which would have [^{F15}been a person falling] within this paragraph (whether by reference to a company which would have [^{F15}been a person falling] within that paragraph or to a company or series of companies falling within this sub-paragraph).]

[^{F16}(2C) This section shall not have effect as respects any asset if, before the time when [^{F12}company A] ceases to be a member of the group or, as the case may be, the second group, an event has already occurred by virtue of which the company falls by virtue of section 101A(3) to be treated as having sold and immediately reacquired the asset at the time specified in subsection (3) below.]

[^{F17}(2D) This section shall not have effect as respects any asset if, before the time when [^{F12}company A] ceases to be a member of the group or, as the case may be, the second group, an event has already occurred by virtue of which the company falls by virtue of section 101C(3) to be treated as having sold and immediately reacquired the asset at the time specified in subsection (3) below.]

- (3) If, when [^{F12}company A] ceases to be a member of the group, [^{F12}company A], or an associated company also leaving the group, owns, otherwise than as trading stock—
 - (a) the asset, or
 - (b) property to which a chargeable gain has been carried forward from the asset on a replacement of business assets,

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then, subject to subsection (4) below, [^{F12}company A] shall be treated for all the purposes of this Act as if immediately after its acquisition of the asset it had sold, and immediately reacquired, the asset at market value at that time.

(4) Any chargeable gain or allowable loss [^{F18}accruing] to [^{F19}company A] on the sale referred to in subsection (3) above shall be treated as accruing to [^{F19}company A][^{F20}at whichever is the later of the following, that is to say—

- (a) the time immediately after the beginning of the accounting period of that company in which or, as the case may be, at the end of which the company ceases to be a member of the group; and
- (b) the time when under subsection (3) above it is treated as having reacquired the asset;

[^{F21}and sections 138 to 142 of CTA 2010 have effect accordingly as if the actual circumstances were as they are treated as having been].]

(5) Where, apart from subsection (6) below, a company ceasing to be a member of a group by reason only of the fact that the principal company of the group becomes a member of another group would be treated by virtue of subsection (3) above as selling an asset at any time, subsections (6) to (8) below shall apply.

(6) The company in question shall not be treated as selling the asset at that time; but if—

- (a) within 6 years of that time the company in question ceases at any time (“the relevant time”) to satisfy the following conditions, and
- (b) at the relevant time, the company in question, or a company in the same group as that company, owns otherwise than as trading stock the asset or property to which a chargeable gain has been carried forward from the asset on a replacement of business assets,

the company in question shall be treated for all the purposes of this Act as if, immediately after its acquisition of the asset, it had sold and immediately reacquired the asset at the value that, at the time of acquisition, was its market value.

(7) Those conditions are—

- (a) that the company is a 75 per cent. subsidiary of one or more members of the other group referred to in subsection (5) above, and
- (b) that the company is an effective 51 per cent. subsidiary of one or more of those members.

(8) Any chargeable gain or allowable loss accruing to the company on that sale shall be treated as accruing at the relevant time.

(9) Where—

- (a) by virtue of this section a company is treated as having sold an asset at any time, and
- (b) if at that time the company had in fact sold the asset at market value at that time, then, by virtue of section 30, any allowable loss or chargeable gain accruing on the disposal would have been calculated as if the consideration for the disposal were increased by an amount,

subsections (3) and (6) above shall have effect as if the market value at that time had been that amount greater.

[^{F22}(9A) [^{F23}Sections 450 and 451 of CTA 2010] (meaning of control) shall have effect for the purposes of subsection (2B) above as [^{F24}they have] effect for the purposes of [^{F25}Part 10 of CTA 2010]; but a person carrying on a business of banking shall not for the

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purposes of that subsection be regarded as having control of any company by reason only of having, or of the consequences of having exercised, any rights of that person in respect of loan capital or debt issued or incurred by the company for money lent by that person to the company in the ordinary course of that business.]

(10) For the purposes of this section—

- (a) 2 or more companies are associated companies if, by themselves, they would form a group of companies,
- (b) a chargeable gain is carried forward from an asset to other property on a replacement of business assets if, by one or more claims under sections 152 to 158, the chargeable gain accruing on a disposal of the asset is reduced, and as a result an amount falls to be deducted from the expenditure allowable in computing a gain accruing on the disposal of the other property,
- (c) an asset acquired by [^{F26}company A] shall be treated as the same as an asset owned at a later time by that company or an associated company if the value of the second asset is derived in whole or in part from the first asset, and in particular where the second asset is a freehold, and the first asset was a leasehold and the lessee has acquired the reversion.

^{F27}(11)

^{F27}(12)

(13) Where under this section [^{F28}company A] is to be treated as having disposed of, and reacquired, an asset, all such recomputations of liability in respect of other disposals, and all such adjustments of tax, whether by way of assessment or by way of discharge or repayment of tax, as may be required in consequence of the provisions of this section shall be carried out.

Textual Amendments

- F2** S. 179(1)(1A) substituted for s. 179(1) (with effect in accordance with Sch. 29 para. 4(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 4\(2\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F3** Word in s. 179(1A) substituted (with effect in accordance with s. 155(2) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 27 para. 2\(3\)](#)
- F4** S. 179(1AA) inserted (with effect in accordance with reg. 3(1) of the amending S.I.) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), [reg. 1\(2\)](#), [Sch. 1 para. 9](#) (with [S.I. 2008/1579](#), [reg. 4\(1\)](#) (with [S.I. 2008/1579](#), [reg. 4\(1\)](#)))
- F5** S. 179(1B)-(1D) substituted for s. 179(1B)(1C) (with effect in accordance with reg. 3(2) of the amending S.I.) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), [reg. 1\(2\)](#), [Sch. 2 para. 7](#) (with [S.I. 2008/1579](#), [reg. 4\(1\)](#))
- F6** S. 179(2A)(2B) inserted (with effect in accordance with s. 49(3) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [s. 49\(1\)](#)
- F7** Words in s. 179(2A)(a) inserted (with effect in accordance with Sch. 29 para. 4(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 4\(3\)\(a\)\(i\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F8** Words in s. 179(2A)(a) inserted (with effect in accordance with Sch. 29 para. 4(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 4\(3\)\(a\)\(ii\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F9** Words in s. 179(2A)(b) substituted (with effect in accordance with Sch. 29 para. 4(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 4\(3\)\(b\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F10** Words in s. 179(2A)(c) substituted (with effect in accordance with Sch. 29 para. 4(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 4\(3\)\(c\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F11** Words in s. 179(2A) substituted (with effect in accordance with Sch. 29 para. 4(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 4\(3\)\(d\)](#) (with [Sch. 29 para. 46\(5\)](#))

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- F12** Words in s. 179(2B)-(3) substituted (with effect in accordance with Sch. 29 para. 4(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), **Sch. 29 para. 4(4)** (with [Sch. 29 para. 46\(5\)](#))
- F13** Words in s. 179(2B)(b) substituted (with effect in accordance with s. 139(2) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), **s. 139(1)(a)**
- F14** Words in s. 179(2B)(c) substituted (with effect in accordance with s. 139(2) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), **s. 139(1)(b)**
- F15** Words in s. 179(2B)(c) substituted (with effect in accordance with s. 139(2) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), **s. 139(1)(c)**
- F16** S. 179(2C) inserted (with application in accordance with s. 133(3) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), **s. 133(2)**
- F17** S. 179(2D) inserted (with application in accordance with s. 135(5) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), **s. 135(3)**
- F18** Word in s. 179(4) substituted (with effect in accordance with s. 44(3)(5) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), **Sch. 8 para. 2**
- F19** Words in s. 179(4) substituted (with effect in accordance with Sch. 29 para. 4(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), **Sch. 29 para. 4(4)** (with [Sch. 29 para. 46\(5\)](#))
- F20** Words in s. 179(4) substituted (27.7.1993 with effect as mentioned in s. 89(2)) by [1993 c. 34](#), **s. 89(1)(2)**
- F21** Words in s. 179(4) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 244(2)** (with [Sch. 2](#))
- F22** S. 179(9A) inserted (with effect in accordance with s. 49(3) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), **s. 49(2)**
- F23** Words in s. 179(9A) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 244(3)(a)** (with [Sch. 2](#))
- F24** Words in s. 179(9A) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 244(3)(b)** (with [Sch. 2](#))
- F25** Words in s. 179(9A) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 244(3)(c)** (with [Sch. 2](#))
- F26** Words in s. 179(10)(c) substituted (with effect in accordance with Sch. 29 para. 4(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), **Sch. 29 para. 4(4)** (with [Sch. 29 para. 46\(5\)](#))
- F27** S. 179(11)(12) repealed (with effect in accordance with Sch. 29 para. 4(7), Sch. 40 Pt. II(12) Note 8 of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 4\(5\)](#), **Sch. 40 Pt. II(12)** (with [Sch. 29 para. 46\(5\)](#))
- F28** Words in s. 179(13) substituted (with effect in accordance with Sch. 29 para. 4(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), **Sch. 29 para. 4(4)** (with [Sch. 29 para. 46\(5\)](#))

Modifications etc. (not altering text)

- C1** S. 179 excluded (27.7.1993) by [1993 c. 37](#), s. 12, **Sch. 2 Pt. I para. 4(1)**
 S. 179: modified (27.7.1993) by [1993 c. 37](#), s. 12, **Sch. 2 Pt. I para. 4(2)**; modified (27.7.1993) by [1993 c. 37](#), s. 12, **Sch. 2 Pt. I para. 51(2)**
- C2** S. 179 modified (retrospective to 11.1.1994) by [Finance Act 1994 \(c. 9\)](#), s. 252(3), **Sch. 24 para. 8(1)-(3)**
- C3** S. 179 applied (retrospective to 11.1.1994) by [Finance Act 1994 \(c. 9\)](#), s. 252(3), **Sch. 24 para. 8(5)**
- C4** S. 179 restricted (3.5.1994) by [Finance Act 1994 \(c. 9\)](#), **s. 250(2)**
- C5** S. 179 modified (19.9.1994) by [Coal industry Act 1994 \(c. 21\)](#), s. 68(4), **Sch. 4 para. 8(1)(2)** (with [Sch. 4 paras. 8\(3\), 14](#)); S.I. 1994/2189, art. 2, Sch.
- C6** S. 179 applied (19.9.1994) by [Coal industry Act 1994 \(c. 21\)](#), s. 68(4), **Sch. 4 para. 8(4)** (with [Sch. 4 para. 14](#)); S.I. 1994/2189, art. 2, Sch.
- C7** S. 179 modified (8.11.1995) by [Atomic Energy Authority Act 1995 \(c. 37\)](#), Sch. 3 para. 5(1)(2) (with [Sch. 3 para. 5\(4\)](#))
- C8** S. 179 modified (24.7.1996) by [Broadcasting Act 1996 \(c. 55\)](#), s. 149(1), **Sch. 7 para. 6** (with [Sch. 7 para. 9\(1\)](#))

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- C9** Ss. 170-192 restricted (27.7.1999) by Commonwealth Development Corporation Act 1999 (c. 20), Sch. 3 paras. 1, **4(1)**
- C10** S. 179 excluded (27.7.1999) by Commonwealth Development Corporation Act 1999 (c. 20), Sch. 3 paras. 1, **3(4), 4(2)**
- C11** S. 179 modified (12.1.2000) by Greater London Authority Act 1999 (c. 29), s. 425(2), Sch. 33 paras. 3, **9**; S.I. 1999/3434, **art. 2**
- C12** Ss. 170-181 restricted (12.1.2000) by Greater London Authority Act 1999 (c. 29), **ss. 419(3), 425(2)**; S.I. 1999/3434, **art. 2**
- C13** S. 179 modified (1.2.2001) by Transport Act 2000 (c. 38), s. 275(1), Sch. 7 paras. 8-10; S.I. 2001/57, **art. 3(1)**
- C14** S. 179 modified (15.1.2001) by Transport Act 2000 (c. 38), s. 275(1), **Sch. 26 paras. 11, 20, 25, 32**; S.I. 2000/3376, **art. 2**
- C15** S. 179 modified (5.10.2004) by Energy Act 2004 (c. 20), s. 198(2), **Sch. 9 paras. 5, 19** (with s. 38(2)); S.I. 2004/2575, **art. 2(1), Sch. 1**
- C16** Ss. 170-181 modified (5.10.2004) by Energy Act 2004 (c. 20), s. 198(2), **Sch. 9 para. 35(a)** (with s. 38(2)); S.I. 2004/2575, **art. 2(1), Sch. 1**
- C17** S. 179 modified (E.W.S.) (24.7.2005) by Railways Act 2005 (c. 14), s. 60(2), **Sch. 10 para. 26**; S.I. 2005/1909, **art. 2, Sch.**
- C18** S. 179 modified (22.7.2008) by Crossrail Act 2008 (c. 18), **Sch. 13 para. 31**
- C19** S. 179 excluded (with effect in accordance with reg. 1(2) of the affecting S.I.) by The Mutual Societies (Transfers of Business) (Tax) Regulations 2009 (S.I. 2009/2971), **regs. 1(1), 17, 18(3)**
- C20** S. 179 modified (with effect in accordance with reg. 1(2) of the affecting S.I.) by The Mutual Societies (Transfers of Business) (Tax) Regulations 2009 (S.I. 2009/2971), **regs. 1(1), 18(4)**

Commencement Information

- II** s. 179: 30.9.1993 appointed for the purposes of s. 179 by S.I. 1992/3066, **art. 2(2)(d)**

[^{F29}179A Reallocation within group of gain or loss accruing under section 179

- (1) This section applies where—
- a company (“company A”) is treated by virtue of section 179(3) or (6) as having sold and immediately reacquired an asset at market value, and
 - a chargeable gain or an allowable loss accrues to the company on the deemed sale.
- (2) In this section “time of accrual” means—
- in a case where section 179(3) applies, the time at which, by virtue of section 179(4), the gain or loss referred to in subsection (1) above is treated as accruing to company A;
 - in a case where section 179(6) applies, the latest time at which the company satisfies the conditions in section 179(7).
- (3) If—
- a joint election under this section is made by company A and a company (“company C”) that was a member of the relevant group at the time of accrual, and
 - the conditions in subsections (6) to (8) below are all met,
- the chargeable gain or allowable loss accruing on the deemed sale, or such part of it as may be specified in the election, shall be treated as accruing not to company A but to company C.
- (4) In subsection (3) above “the relevant group” means—

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- (a) in a case where section 179(3) applies, the group of which company A was a member at the time of accrual;
 - (b) in a case where section 179(6) applies, the second group referred to in section 179(5).
- [^{F30}(5) An election, or two or more elections made simultaneously, is or are of no effect if, taken together with each earlier election (if any) made in respect of the same gain or loss, it or they would (apart from this subsection) have effect in relation to an amount exceeding the gain or loss.]
- (6) The first condition is that, at the time of accrual, company C—
 - (a) was resident in the United Kingdom, or
 - (b) owned assets that were chargeable assets in relation to it.
 - (7) The second condition is that neither company A nor company C was at that time a qualifying friendly society within the meaning given by section 171(5)).
 - (8) The third condition is that company C was not at that time an investment trust, a venture capital trust or a dual resident investing company.
 - (9) A gain or loss treated by virtue of this section as accruing to a company that is not resident in the United Kingdom shall be treated as accruing in respect of a chargeable asset held by that company.
 - (10) An election under this section must be made—
 - (a) by notice to an officer of the Board;
 - (b) no later than two years after the end of the accounting period of company A in which the time of accrual fell.
 - (11) Any payment by company A to company C, or by company C to company A, in pursuance of an agreement between them in connection with the election—
 - (a) shall not be taken into account in computing profits or losses of either company for corporation tax purposes, and
 - (b) shall not for any purposes of the Corporation Tax Acts be regarded as a distribution ^{F31} ... ,

provided it does not exceed the amount of the chargeable gain or allowable loss that is treated, as a result of the election, as accruing to company C.
 - (12) For the purposes of this section an asset is a “chargeable asset” in relation to a company at a particular time if any gain accruing to the company on a disposal of the asset by the company at that time would be a chargeable gain and would by virtue of [^{F32}section 10B] form part of its chargeable profits for corporation tax purposes.]

Textual Amendments

- F29** S. 179A inserted (with application in accordance with s. 42(4) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 42\(1\)](#)
- F30** S. 179A(5) substituted (with effect in accordance with Sch. 12 para. 5 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 12 para. 2](#)
- F31** Words in s. 179A(11)(b) repealed (with effect in accordance with Sch. 11 Pt. 2(7) Note of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\), Sch. 11 Pt. 2\(7\)](#)
- F32** Words in s. 179A(12) substituted (with effect in accordance with Sch. 4 para. 10(3) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\), Sch. 4 para. 8\(2\)](#)

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Modifications etc. (not altering text)

- C16** Ss. 170-181 modified (5.10.2004) by [Energy Act 2004 \(c. 20\)](#), s. 198(2), [Sch. 9 para. 35\(a\)](#) (with s. 38(2)); [S.I. 2004/2575](#), art. 2(1), Sch. 1
- C21** S. 179A excluded (with effect in accordance with reg. 1(2) of the affecting S.I.) by [The Taxation of Securitisation Companies Regulations 2006 \(S.I. 2006/3296\)](#), regs. 1(1), [18\(2\)](#)
- C22** S. 179A excluded (with effect in accordance with reg. 1(2) of the affecting S.I.) by [The Taxation of Insurance Securitisation Companies Regulations 2007 \(S.I. 2007/3402\)](#), regs. 1(1), [9\(3\)](#)
- C23** Ss. 179A, 179B modified (with effect in accordance with s. 1184(1) of the affecting Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [ss. 601](#), 1184(1) (with [Sch. 2](#))

[^{F33}**179B** Roll-over of degrouping charge on business assets

- (1) Where a company is treated by virtue of section 179(3) or (6) as having sold and immediately reacquired an asset at market value, relief under section 152 or 153 (roll-over relief on replacement of business assets) is available in accordance with this section in relation to any gain accruing to the company on the deemed sale.
- (2) For this purpose, sections 152 and 153 and the other enactments specified in Schedule 7AB apply with the modifications set out in that Schedule.
- (3) Where there has been an election under section 179A, any claim for relief available in accordance with this section must be made by company C rather than company A.
- (4) For this purpose, the enactments modified by Schedule 7AB have effect as if—
 - (a) references to company A, except those in sections 152(1)(a) and (1B), 153(1B), 153A(5), 159(1), 175 and 198(1), were to company C;
 - (b) the references to “that company” in section 159(1) and “the company” in section 185(3)(b) were to company C;
 - (c) the reference to “that trade” in section 198(1) were to a ring fence trade carried on by company C.
- (5) Where there has been an election under section 179A in respect of part only of the chargeable gain accruing on the deemed sale of an asset, the enactments modified by Schedule 7AB and subsections (3) and (4) above apply as if the deemed sale had been of a separate asset representing a corresponding part of the asset; and any necessary apportionments shall be made accordingly.
- (6) A reference in this section to company A or to company C is to the company referred to as such in section 179A.]

Textual Amendments

- F33** S. 179B inserted (with application in accordance with s. 43(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [s. 43\(1\)](#)

Modifications etc. (not altering text)

- C16** Ss. 170-181 modified (5.10.2004) by [Energy Act 2004 \(c. 20\)](#), s. 198(2), [Sch. 9 para. 35\(a\)](#) (with s. 38(2)); [S.I. 2004/2575](#), art. 2(1), Sch. 1
- C23** Ss. 179A, 179B modified (with effect in accordance with s. 1184(1) of the affecting Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [ss. 601](#), 1184(1) (with [Sch. 2](#))

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^{F34}180 Transitional provisions.

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Textual Amendments

F34 S. 180 repealed (28.7.2000) by Finance Act 2000 (c. 17), Sch. 29 para. 27, Sch. 40 Pt. II(12) (with Sch. 29 para. 46(5))

181 Exemption from charge under 178 or 179 in the case of certain mergers.

- (1) Subject to the following provisions of this section, [^{F35}section 179 shall not] apply in a case where—
 - (a) as part of a merger, a company (“company A”) ceases to be a member of a group of companies (“the A group”); and
 - (b) ^{F36}... the merger was carried out for bona fide commercial reasons and ^{F36}... the avoidance of liability to tax was not the main or one of the main purposes of the merger.
- (2) In this section “merger” means an arrangement (which in this section includes a series of arrangements)—
 - (a) whereby one or more companies (“the acquiring company” or, as the case may be, “the acquiring companies”) none of which is a member of the A group acquires or acquire, otherwise than with a view to their disposal, one or more interests in the whole or part of the business which, before the arrangement took effect, was carried on by company A; and
 - (b) whereby one or more members of the A group acquires or acquire, otherwise than with a view to their disposal, one or more interests in the whole or part of the business or each of the businesses which, before the arrangement took effect, was carried on either by the acquiring company or acquiring companies or by a company at least 90 per cent. of the ordinary share capital of which was then beneficially owned by 2 or more of the acquiring companies; and
 - (c) in respect of which the conditions in subsection (4) below are fulfilled.
- (3) For the purposes of subsection (2) above, a member of a group of companies shall be treated as carrying on as one business the activities of that group.
- (4) The conditions referred to in subsection (2)(c) above are—
 - (a) that not less than 25 per cent. by value of each of the interests acquired as mentioned in paragraphs (a) and (b) of subsection (2) above consists of a holding of ordinary share capital, and the remainder of the interest, or as the case may be of each of the interests, acquired as mentioned in subsection (2) (b), consists of a holding of share capital (of any description) or debentures or both; and
 - (b) that the value or, as the case may be, the aggregate value of the interest or interests acquired as mentioned in subsection (2)(a) above is substantially the same as the value or, as the case may be, the aggregate value of the interest or interests acquired as mentioned in subsection (2)(b) above; and
 - (c) that the consideration for the acquisition of the interest or interests acquired by the acquiring company or acquiring companies as mentioned in subsection (2) (a) above, disregarding any part of that consideration which is small by comparison with the total, either consists of, or is applied in the acquisition

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of, or consists partly of and as to the balance is applied in the acquisition of, the interest or interests acquired by members of the A group as mentioned in subsection (2)(b) above;

and for the purposes of this subsection the value of an interest shall be determined as at the date of its acquisition.

F37(5)

Textual Amendments

- F35** Words in s. 181(1) substituted (with effect in accordance with Sch. 29 para. 28(2) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), **Sch. 29 para. 28(1)(a)** (with [Sch. 29 para. 46\(5\)](#))
- F36** Words in s. 181(1)(b) repealed (with effect in accordance with s. 134(2) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 20 para. 58](#), **Sch. 41 Pt. V(10)**
- F37** S. 181(5) repealed (with effect in accordance with Sch. 29 para. 28(2), Sch. 40 Pt. II(12) Note 9 of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 28\(1\)\(b\)](#), **Sch. 40 Pt. II(12)** (with [Sch. 29 para. 46\(5\)](#))

Modifications etc. (not altering text)

- C9** Ss. 170-192 restricted (27.7.1999) by [Commonwealth Development Corporation Act 1999 \(c. 20\)](#), [Sch. 3 paras. 1, 4\(1\)](#)
- C12** Ss. 170-181 restricted (12.1.2000) by [Greater London Authority Act 1999 \(c. 29\)](#), **ss. 419(3)**, 425(2); [S.I. 1999/3434](#), art. 2
- C16** Ss. 170-181 modified (5.10.2004) by [Energy Act 2004 \(c. 20\)](#), s. 198(2), **Sch. 9 para. 35(a)** (with s. 38(2)); [S.I. 2004/2575](#), art. 2(1), [Sch. 1](#)

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