

Status: Point in time view as at 06/04/2014.

Changes to legislation: Taxation of Chargeable Gains Act 1992, Part 4 is up to date with all changes known to be in force on or before 06 July 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)

SCHEDULES

[^{F1}SCHEDULE 7AC

EXEMPTIONS FOR DISPOSALS BY COMPANIES WITH SUBSTANTIAL SHAREHOLDING

Textual Amendments

- F1** Sch. 7AC inserted (with effect in accordance with s. 44(3)(4) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [Sch. 8 para. 1](#)

PART 4

INTERPRETATION

Meaning of “company”, “group” and related expressions

- 26 (1) In this Schedule—
- (a) “company” has the meaning given by section 170(9); and
 - (b) references to a group, or to membership of a group, shall be construed in accordance with the provisions of section 170 read as if “51 per cent” were substituted for “75 per cent”.
- (2) References in this Schedule to a “subgroup” are to companies that would form a group but for the fact that one of them is a 51% subsidiary of another company.
- (3) In this Schedule “holding company”—
- (a) in relation to a group, means the company described in section 170 as the principal company of the group;
 - (b) in relation to a subgroup, means a company that would be the holding company of a group but for being a 51% subsidiary of another company.
- (4) In this Schedule “51% subsidiary” has the meaning given by [^{F2}Chapter 3 of Part 24 of CTA 2010].
- In applying [^{F3}that Chapter] for the purposes of this Schedule, any share capital of a registered industrial and provident society shall be treated as ordinary share capital.
- (5) References in this Schedule to a “group” or “subsidiary” shall be construed with any necessary modifications where applied to a company incorporated under the law of a country or territory outside the United Kingdom.

Textual Amendments

- F2** Words in Sch. 7AC para. 26(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. 269\(5\)\(a\)](#) (with Sch. 2)

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- F3** Words in Sch. 7AC para. 26(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. 269\(5\)\(b\)](#) (with [Sch. 2](#))

Meaning of “trade”

- 27 In this Schedule “trade” means anything that—
- (a) is a trade, profession or vocation, within the meaning of the Income Tax Acts, and
 - (b) is conducted on a commercial basis with a view to the realisation of profits.

Meaning of “twelve-month period”

- 28 For the purposes of this Schedule a “twelve-month period” means a period ending with the day before the first anniversary of the day with which, or in the course of which, the period began.

Meaning of “interest in shares”

- 29 (1) References in this Schedule to an interest in shares are to an interest as a co-owner of shares.
- (2) It does not matter whether the shares are owned jointly or in common, or whether the interests of the co-owners are equal.

Meaning of “asset related to shares”

- 30 (1) This paragraph explains what is meant by an asset related to shares in a company.
- (2) An asset is related to shares in a company if it is—
- (a) an option to acquire or dispose of shares or an interest in shares in that company, or
 - (b) a security to which are attached rights by virtue of which the holder is or may become entitled to acquire or dispose of (whether by conversion or exchange or otherwise)—
 - (i) shares or an interest in shares in that company, or
 - (ii) an option to acquire or dispose of shares or an interest in shares in that company, or
 - (iii) another security falling within this paragraph, or
 - (c) an option to acquire or dispose of any security within paragraph (b) or an interest in any such security, or
 - (d) an interest in, or option over, any such option or security as is mentioned in paragraph (a), (b) or (c), or
 - (e) any interest in, or option over, any such interest or option as is mentioned in paragraph (d) or this paragraph.
- (3) In determining whether a security is within sub-paragraph (2)(b), no account shall be taken—
- (a) of any rights attached to the security other than rights relating, directly or indirectly, to shares of the company in question, or

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- (b) of rights as regards which, at the time the security came into existence, there was no more than a negligible likelihood that they would in due course be exercised to a significant extent.
- (4) The references in this paragraph to an interest in a security or option have a meaning corresponding to that given by paragraph 29 in relation to an interest in shares.

Index of defined expressions

31 In this Schedule the expressions listed below are defined or otherwise explained by the provisions indicated:

asset related to shares	paragraph 30
company	paragraph 26(1)(a)
company invested in	paragraph 1
51% subsidiary	paragraph 26(4) and (5)
group (and member of group)	paragraph 26(1)(b) and (5)
holding company	paragraph 26(3)
interest in shares	paragraph 29
investing company	paragraph 1
joint venture company	paragraph 24(1)
qualifying shareholding (in joint venture company)	paragraph 24(2)
subgroup	paragraph 26(2)
trade	paragraph 27
trading company	paragraph 20
trading group	paragraph 21
trading subgroup	paragraph 22
twelve-month period	paragraph 28]

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