

Changes to legislation: Taxation of Chargeable Gains Act 1992, Paragraph 3A is up to date with all changes known to be in force on or before 13 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) View outstanding changes

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 1

THE EXEMPTIONS

[^{F2}Subsidiary exemption: qualifying institutional investors

Textual Amendments

- F2** [Sch. 7AC paras. 3A, 3B](#) and cross-heading inserted (with effect in accordance with s. 28(7) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [s. 28\(2\)](#)

- 3A** (1) This paragraph applies in relation to a gain or loss accruing to a company (“the investing company”) on a disposal of shares or an interest in shares in another company (“the company invested in”).
- (2) This paragraph applies if—
- (a) the requirement in paragraph 7 is met (substantial shareholder requirement),
 - (b) the requirement in paragraph 19 is not met (requirement relating to company invested in), and
 - (c) the investing company is not a disqualified listed company.
- (3) If, immediately before the disposal, 80% or more of the ordinary share capital of the investing company is owned by qualifying institutional investors, no chargeable gain or loss accrues on the disposal.
- (4) If, immediately before the disposal, at least 25% but less than 80% of the ordinary share capital of the investing company is owned by qualifying institutional investors, the amount of the chargeable gain or loss accruing on the disposal is reduced by the percentage of the ordinary share capital of the investing company which is owned by the qualifying institutional investors.
- (5) A company is a “disqualified listed company” for the purposes of this Part of this Schedule if—
- (a) any of the shares forming part of the ordinary share capital of the company are listed on a recognised stock exchange,

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- (b) the company is not a qualifying institutional investor, and
 - (c) the company is not a qualifying UK REIT
- (6) In sub-paragraph (5)(c) “qualifying UK REIT” means a UK REIT within the meaning of Part 12 of CTA 2010 which—
- (a) meets the condition in section 528(4)(b) of that Act (company not a close company by virtue of having an institutional investor as a participant), or
 - (b) by virtue of section 443 of that Act (companies controlled by or on behalf of Crown) is not treated as a close company.]]

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act applied by [1997 c. 16 Sch. 12 para. 12\(7\)](#)[1314](#)
- Act applied by [2002 c. 23 Sch. 16 para. 48\(1\)\(2\)](#)
- Act construed as one with reg. 37 by [S.I. 2006/575 reg. 37\(2\)](#)
- Act construed as one with reg. 38 by [S.I. 2006/575 reg. 38\(3\)](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 4(10)(11) inserted by [2016 c. 11 s. 15\(4\)](#)
- s. 4(10) words inserted by [2016 c. 24 s. 83\(11\)](#)
- s. 35(3)(d)(xviii) added by [2008 c. 17 Sch. 7 para. 9](#)
- s. 35(3)(d)(xviii) inserted by [2008 c. 18 Sch. 13 para. 46](#)
- s. 35(3)(d)(xviii) repealed by [S.I. 2008/3002 Sch. 1 para. 42](#)[Sch. 3](#) (This amendment comes into force on the day 2008 c. 4, s. 5 comes into force, see art. 1(2). That provision was brought into force on 1.12.2008 by [S.I. 2008/3068](#), art. 2(1)(b))
- s. 104(4)(b)(i) words substituted by [S.I. 1989/469](#), reg. 27(2) (as amended) by [S.I. 1997/1716 reg. 13\(1\)\(b\)](#)
- s. 107(11) words substituted by [S.I. 1989/469](#), reg. 27(2A) (as amended) by [S.I. 1997/1716 reg. 13\(2\)\(b\)](#)
- s. 169S(4A) inserted by [2015 c. 11 s. 43\(2\)](#)
- s. 587B inserted by [2000 c. 17 s. 43\(1\)](#)
- Sch. 5C para. 3(1) modified by [S.I. 2004/2199 reg. 7\(1\)](#)
- Sch. 5C para. 3(6) modified by [S.I. 2004/2199 reg. 7\(2\)](#)
- Sch. 5C para. 5(1) modified by [S.I. 2004/2199 reg. 7\(3\)](#)
- Sch. 5C para. 3 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 5 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 6 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 3(1)(f) words substituted by [2007 c. 3 Sch. 1 para. 347](#)