



Taxation of Chargeable Gains Act 1992

1992 CHAPTER 12

PART IV

SHARES, SECURITIES, OPTIONS ETC.

CHAPTER II

REORGANISATION OF SHARE CAPITAL, CONVERSION OF SECURITIES ETC.

[^{F1}Transparent entities: disapplication of reliefs related to Mergers Directive]

[^{F1}140I. Division of business or transfer of assets

- (1) This section applies in relation to a transfer of a business, or part of a business, where—
 - (a) the transfer is of a kind [^{F2}mentioned in section 140A(1) or (1A) (or which would be of such a kind] if the business, or the part of the business, transferred were carried on by the transferor in the United Kingdom and the condition mentioned in section 140A(1)(e) were satisfied in relation to the transferee, or each of the transferees), and
 - (b) either the transferor or the transferee, or one of the transferees, is a transparent entity.
- (2) Where this section applies—
 - (a) if the transferor is a transparent entity, sections 140A and 140DA do not apply in relation to the transfer;
 - (b) if a transferee is a transparent entity, section 140DA does not apply in relation to the transfer to it.
- (3) If, as a result of a transfer in relation to which this section applies, a transfer gain would, but for the Mergers Directive, have been chargeable to tax under the law of a member State ^{F3} ..., [^{F4}Part 2 of TIOPA 2010] (double taxation relief), including any [^{F5}double taxation relief arrangements], shall apply as if that tax, calculated in accordance with subsection (5), had been chargeable.

Status: Point in time view as at 24/05/2024.

Changes to legislation: *Taxation of Chargeable Gains Act 1992, Section 140I is up to date with all changes known to be in force on or before 15 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)*

- (4) In subsection (3) “transfer gain” means a gain accruing to a transparent entity (or which would be treated as accruing to that entity were it not transparent) by reason of the transfer of assets by the transparent entity to the transferee.
- (5) Tax is calculated in accordance with this subsection if—
- (a) so far as permitted under the law of the relevant member State, losses arising on the transfer are set against gains arising on the transfer, and
 - (b) any relief available under that law has been claimed.]

Textual Amendments

- F1** Ss. 140H-140L and cross-heading inserted (with effect in accordance with reg. 3(3) of the amending S.I.) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), reg. 1(2), **Sch. 3 para. 1** (with S.I. 2008/1579, **reg. 4(2)**)
- F2** Words in s. 140I(1)(a) substituted (with effect in accordance with reg. 3 of the amending S.I.) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2008 \(S.I. 2008/1579\)](#), reg. 1(2), **Sch. 1 para. 5**
- F3** Words in s. 140I(3) omitted (31.12.2020) by virtue of [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), regs. 1, **6(10)** (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)
- F4** Words in s. 140I(3) substituted (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 8 para. 44(a)** (with Sch. 9 paras. 1-9, 22)
- F5** Words in s. 140I(3) substituted (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 8 para. 44(b)** (with Sch. 9 paras. 1-9, 22)

Status:

Point in time view as at 24/05/2024.

Changes to legislation:

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