



Taxation of Chargeable Gains Act 1992

1992 CHAPTER 12

PART IV

SHARES, SECURITIES, OPTIONS ETC.

CHAPTER III

MISCELLANEOUS PROVISIONS RELATING TO COMMODITIES, FUTURES, OPTIONS AND OTHER SECURITIES

[^{F1}150A Enterprise investment scheme.

- (1) For the purpose of determining the gain or loss on any disposal of ^{F2}... shares by an individual where—
 - (a) an amount of relief is attributable to the shares, and
 - (b) apart from this subsection there would be a loss,the consideration given by him for the shares shall be treated as reduced by the amount of the relief.
- (2) Subject to subsection (3) below, if on any disposal of ^{F3}... shares by an individual after the end of the period referred to in section 312(1A)(a) of the Taxes Act where an amount of relief is attributable to the shares, there would (apart from this subsection) be a gain, the gain shall not be a chargeable gain.

[Notwithstanding anything in section 16(2), subsection (2) above shall not apply to a ^{F4}(2A) disposal on which a loss accrues.]

- (3) Where—
 - (a) an individual's liability to income tax has been reduced (or treated by virtue of section 304 of the Taxes Act (husband and wife) as reduced) for any year of assessment under section 289A of that Act in respect of any issue of shares, and

Status: Point in time view as at 12/01/2000. This version of this provision has been superseded.

Changes to legislation: Taxation of Chargeable Gains Act 1992, Section 150A is up to date with all changes known to be in force on or before 01 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)

[the amount of the reduction is not found under section 289A(2)(b) of that Act,
^{F5}(aa) and]

(b) the amount of the reduction (“A”) is less than the amount (“B”) which is equal to tax at the lower rate for that year on the amount subscribed for the issue, then, if there is a disposal of the shares on which there is a gain, subsection (2) above shall apply only to so much of the gain as is found by multiplying it by the fraction—

AB

(4) Any question as to—

- (a) which of any shares [^{F6}acquired by an individual at different times a disposal relates to], being shares to which relief is attributable, or
- (b) whether a disposal relates to shares to which relief is attributable or to other shares,

shall for the purposes of capital gains tax be determined as for the purposes of section 299 of the Taxes Act; and Chapter I of this Part shall have effect subject to the foregoing provisions of this subsection.

(5) [^{F7}Sections 104, 105 and 106A] shall not apply to shares to which relief is attributable.

[^{F8}(6) Where an individual holds shares which form part of the ordinary share capital of a company and include shares of more than one of the following kinds, namely—

- (a) shares to which relief is attributable and to which subsection (6A) below applies,
- (b) shares to which relief is attributable and to which that subsection does not apply, and
- (c) shares to which relief is not attributable,

then, if there is within the meaning of section 126 a reorganisation affecting those shares, section 127 shall apply (subject to the following provisions of this section) separately to shares falling within paragraph (a), (b) or (c) above (so that shares of each kind are treated as a separate holding of original shares and identified with a separate new holding).

(6A) This subsection applies to any shares if—

- (a) expenditure on the shares has been set under Schedule 5B to this Act against the whole or part of any gain; and
- (b) in relation to the shares there has been no chargeable event for the purposes of that Schedule.]

(7) Where—

- (a) an individual holds shares (“the existing holding”) which form part of the ordinary share capital of a company,
- (b) there is, by virtue of any such allotment for payment as is mentioned in section 126(2)(a), a reorganisation affecting the existing holding, and
- (c) immediately following the reorganisation, relief is attributable to the existing holding or the allotted shares,

sections 127 to 130 shall not apply in relation to the existing holding.

(8) Sections 135 and 136 shall not apply in respect of shares to which relief is attributable.

[Subsection (8) above shall not have effect to disapply section 135 or 136 where—
^{F9}(8A)

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- (a) the new holding consists of new ordinary shares carrying no present or future preferential right to dividends or to a company's assets on its winding up and no present or future ^{F10}... right to be redeemed,
- (b) the new shares are issued on or after 29th November 1994 and after the end of the relevant period, and
- (c) the condition in subsection (8B) below is satisfied.

(8B) The condition is that at some time before the issue of the new shares—

- (a) the company issuing them issued eligible shares, and
- (b) a certificate in relation to those eligible shares was issued by the company for the purposes of subsection (2) of section 306 of the Taxes Act and in accordance with that section.

(8C) In subsection (8A) above—

- (a) “new holding” shall be construed in accordance with sections 126, 127, 135 and 136;
- (b) “relevant period” means the period found by applying section 312(1A)(a) of the Taxes Act by reference to the company issuing the shares referred to in subsection (8) above and by reference to those shares.]

[Where shares to which relief is attributable are exchanged for other shares in ^{F11}(8D) circumstances such that section 304A of the Taxes Act (acquisition of share capital by new company) applies—

- (a) subsection (8) above shall not have effect to disapply section 135; and
- (b) subsections (2)(b), (3) and (4) of section 304A of the Taxes Act, and subsection (5) of that section so far as relating to section 306(2) of that Act, shall apply for the purposes of this section as they apply for the purposes of Chapter III of Part VII of that Act.]

(9) Where the relief attributable to any shares is reduced by virtue of section 305(2) of the Taxes Act—

- (a) the sums allowable as deductions from the consideration in the computation, for the purposes of capital gains tax, of the gain or loss accruing to an individual on the disposal of any of the allotted shares or debentures shall be taken to include the amount of the reduction apportioned between the allotted shares or (as the case may be) debentures in [^{F12}a way which is] just and reasonable, and
- (b) the sums so allowable on the disposal (in circumstances in which the preceding provisions of this section do not apply) of any of the shares referred to in section 305(1)(a) shall be taken to be reduced by the amount mentioned in paragraph (a) above, similarly apportioned between those shares.

(10) There shall be made all such adjustments of capital gains tax, whether by way of assessment or by way of discharge or repayment of tax, as may be required in consequence of the relief being given or withdrawn.

[In this section—

^{F13}(10A) “ordinary share capital” has the same meaning as in the Taxes Act; “ordinary shares”, in relation to a company, means shares forming part of its ordinary share capital.]

(11) Chapter III of Part VII of the Taxes Act (enterprise investment scheme) applies for the purposes of this section to determine whether relief is attributable to any shares and,

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if so, the amount of relief so attributable; and “eligible shares” has the same meaning as in that Chapter.

- (12) References in this section to Chapter III of Part VII of the Taxes Act or any provision of that Chapter are to that Chapter or provision as it applies in relation to shares issued on or after 1st January 1994.]

Textual Amendments

- F1** S. 150A inserted (3.5.1994) by [Finance Act 1994 \(c. 9\)](#), [Sch. 15 para. 30](#)
- F2** Word in s. 150A(1) repealed (with effect in accordance with Sch. 13 para. 24(8)(a) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 13 para. 24\(1\)](#), [Sch. 27 Pt. III\(14\)](#)
- F3** Word in s. 150A(2) repealed (with effect in accordance with Sch. 13 para. 24(8)(a) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 13 para. 24\(1\)](#), [Sch. 27 Pt. III\(14\)](#)
- F4** S. 150A(2A) inserted (with application in accordance with Sch. 13 para. 2(1) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 13 para. 2\(2\)](#)
- F5** S. 150A(3)(aa) inserted (with application in accordance with Sch. 13 para. 2(1) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [Sch. 13 para. 2\(3\)](#)
- F6** Words in s. 150A(4)(a) substituted (with effect in accordance with Sch. 13 para. 24(8)(a) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 13 para. 24\(2\)](#)
- F7** Words in s. 150A(5) substituted (with effect in accordance with Sch. 13 para. 24(8)(a) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 13 para. 24\(3\)](#)
- F8** S. 150A(6)(6A) substituted for s. 150A(6) (with effect in accordance with Sch. 13 para. 24(8)(b) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 13 para. 24\(4\)](#)
- F9** Ss. 150A(8A)-(8C) inserted (1.5.1995) by [Finance Act 1995 \(c. 4\)](#), [Sch. 13 para. 2\(4\)](#)
- F10** Word in s. 150A(8A)(a) repealed (with effect in accordance with Sch. 13 para. 24(8)(c) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 13 para. 24\(5\)](#), [Sch. 27 Pt. III\(14\)](#)
- F11** S. 150A(8D) inserted (with effect in accordance with Sch. 13 para. 24(8)(d) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 13 para. 24\(6\)](#)
- F12** Words in s. 150A(9)(a) substituted (with effect in accordance with s. 134(2) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 20 para. 54](#)
- F13** S. 150A(10A) inserted (with effect in accordance with Sch. 13 para. 24(8)(e) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 13 para. 24\(7\)](#)

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