



Taxation of Chargeable Gains Act 1992

1992 CHAPTER 12

PART V

TRANSFER OF BUSINESS ASSETS^[F1], ^[F1]BUSINESS ASSET DISPOSAL RELIEF^[F1] AND INVESTORS' RELIEF^[F1]

^[F1] CHAPTER 3

^[F1]BUSINESS ASSET DISPOSAL RELIEF^[F1]

^[F1]169K Disposal associated with relevant material disposal

^[F2](1) There is a disposal associated with a relevant material disposal if—

- (a) condition A1, ^[F3]A1A, A2 or A3 is met, and
- (b) conditions B^[F4], C and D are met.

(1A) Condition A1 is that an individual (“P”) makes a material disposal of business assets which consists of the disposal of the whole or part of P's interest in the assets of a partnership, and—

- (a) P's disposed of interest is at least a 5% interest in the partnership's assets, and
- (b) at the date of the disposal, no partnership purchase arrangements exist.

^[F5](1AA) Condition A1A is that P makes a material disposal of business assets which consists of the disposal of the whole of P's interest in the assets of a partnership, and—

- (a) that interest is an interest of less than 5%,
- (b) P holds at least a 5% interest in the partnership's assets throughout a continuous period of at least 3 years in the 8 years ending with the date of the disposal, and
- (c) at the date of the disposal, no partnership purchase arrangements exist.

(1AB) Subject to subsection (6A), for the purposes of conditions A1 and A1A, in relation to the disposal of an interest in the assets of a partnership, “partnership purchase arrangements” means arrangements (other than the material disposal itself) under

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which P or a person connected with P is entitled to acquire any interest in, or increase that person's interest in, the partnership (including a share of the profits or assets of the partnership or an interest in such a share).]

(1B) Condition A2 is that P makes a material disposal of business assets which consists of the disposal of shares in a company, all or some of which are ordinary shares, and at the date of the disposal—

[^{F6}(a) the ordinary shares disposed of constitute at least 5% of the company's ordinary share capital and are shares in the individual's personal company (and section 169S(3A)(a) to (c) apply here but as if the reference to the final day of the period mentioned in section 169S(3A)(a) were to the date of the disposal), and]

(b) no share purchase arrangements exist.

(1C) But condition A2 is not met if the disposal of shares is a disposal by virtue of section 122, other than such a disposal treated as made in consideration of a capital distribution from a company which is made in the course of dissolving or winding up the company.

(1D) Condition A3 is that P makes a material disposal of business assets which consists of the disposal of securities of a company, and at the date of the disposal—

(a) the securities disposed of constitute at least 5% of the value of the securities of the company, and

(b) no share purchase arrangements exist.

(1E) [^{F7}Subject to subsection (6A),] For the purposes of conditions A2 and A3, in relation to the disposal of shares in or securities of a company (“company A”), “share purchase arrangements” means arrangements [^{F8}(other than the material disposal itself)] under which P or a person connected with P is entitled to acquire shares in or securities of—

(a) company A, or

(b) a company which is a member of a trading group of which company A is a member.

(2) For the purposes of subsection (1E)(b), a company is treated as a member of a trading group of which company A is a member if, at the date of the disposal mentioned in condition A2 or A3, arrangements exist which it is reasonable to assume will result in the company and company A becoming members of the same trading group.]

(3) Condition B is that [^{F9}P] makes the disposal as part of [^{F10}P's withdrawal] from participation in the business carried on by the partnership or by the company or (if the company is a member of a trading group) a company which is a member of the trading group.

[The disposal mentioned in condition B is not treated as part of P's withdrawal from
^{F11}(3A) participation in the business carried on by a partnership if at the date of that disposal there exist any partnership purchase arrangements.

[Subject to subsection (6A), for the purposes of condition B, in relation to a disposal
^{F12}(3AA) mentioned in that condition and a partnership, “partnership purchase arrangements” means arrangements under which P or a person connected with P is entitled to acquire any interest in, or increase that person's interest in, the partnership (including a share of the profits or assets of the partnership or an interest in such a share), but does not include any arrangements in connection with a material disposal in relation to which condition A1 or A1A is met.]

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(3B) The disposal mentioned in condition B is not treated as part of P's withdrawal from participation in the business carried on by a company ("company A") if at the date of that disposal there exist any [^{F13}share purchase arrangements].

[Subject to subsection (6A), for the purposes of condition B, in relation to a disposal ^{F14}(3BA) mentioned in that condition and company A, "share purchase arrangements" means arrangements under which P or a person connected with P is entitled to acquire shares in or securities of—

- (a) company A, or
- (b) a company which is a member of a trading group of which company A is a member,

but does not include any arrangements in connection with a material disposal in relation to which condition A2 or A3 is met.]

(3C) For the purposes of subsection [^{F15}(3BA)](b), a company is treated as a member of a trading group of which company A is a member if, at the date of the disposal mentioned in condition B, arrangements exist which it is reasonable to assume will result in the company and company A becoming members of the same trading group.]

- (4) Condition C is that, throughout the period of [^{F16}2 years] ending with the earlier of—
- (a) the date of the material disposal of business assets, and
 - (b) the cessation of the business of the partnership or company,

the assets which (or interests in which) are disposed of are in use for the purposes of the business.

[Condition D is that the disposal mentioned in condition B is of an asset which P owns ^{F17}(4A) throughout the period of 3 years ending with the date of that disposal.]

- (5) For the purposes of this Chapter the disposal mentioned in Condition B is the disposal associated with a relevant material disposal.

^{F18}[.....
^{F19}(6)

[For the purposes of this section, in relation to a material disposal of business assets ^{F20}(6A) and a disposal mentioned in condition B, arrangements are not partnership purchase arrangements or share purchase arrangements if they were made before both disposals and without regard to either of them.]

- (7) In this section—

"arrangements" includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);

"securities" includes an interest in securities, and an "interest in securities" includes (in particular) an option to acquire securities;

"shares" includes an interest in shares, and an "interest in shares" includes (in particular) an option to acquire shares.

- (8) For the purposes of this section, a person is treated as entitled to acquire anything which the person—

- (a) is entitled to acquire at a future date, or
- (b) will at a future date be entitled to acquire.

- (9) For the purposes of this section the assets of—

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- (a) a Scottish partnership, or
- (b) a partnership under the law of any other country or territory under which assets of a partnership are regarded as held by or on behalf of the partnership as such, are to be treated as held by the members of the partnership in the proportions in which they are entitled to share in the [^{F21}capital] profits of the partnership.

References in this section to an individual's interest in the partnership's assets are to be construed accordingly.]]

Textual Amendments

- F1** Pt. 5 Ch. 3 inserted (with effect in accordance with Sch. 3 para. 5 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 3 para. 2** (with [Sch. 3 paras. 6-8](#))
- F2** S. 169K(1)-(2) substituted for s. 169K(1)(2) (with effect in accordance with s. 41(6) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), **s. 41(2)**
- F3** Word in s. 169K(1)(a) inserted (with effect in accordance with s. 84(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **s. 84(2)(a)**
- F4** Words in s. 169K(1)(b) substituted (with effect in accordance with s. 84(14) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **s. 84(2)(b)**
- F5** S. 169K(1AA)(1AB) inserted (with effect in accordance with s. 84(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **s. 84(3)**
- F6** S. 169K(1B)(a) substituted (with effect in accordance with Sch. 16 para. 4(4) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **Sch. 16 para. 2(2)**
- F7** Words in s. 169K(1E) inserted (with effect in accordance with s. 84(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **s. 84(4)(a)**
- F8** Words in s. 169K(1E) inserted (with effect in accordance with s. 84(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **s. 84(4)(b)**
- F9** Word in s. 169K(3) substituted (with effect in accordance with s. 41(6) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), **s. 41(3)(a)**
- F10** Words in s. 169K(3) substituted (with effect in accordance with s. 41(6) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), **s. 41(3)(b)**
- F11** S. 169K(3A)-(3C) inserted (with effect in accordance with s. 41(6) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), **s. 41(4)**
- F12** Words in s. 169K(3AA) inserted (with effect in accordance with s. 84(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **s. 84(5)**
- F13** Words in s. 169K(3B) substituted (with effect in accordance with s. 84(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **s. 84(6)**
- F14** S. 169K(3BA) inserted (with effect in accordance with s. 84(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **s. 84(7)**
- F15** Word in s. 169K(3C) substituted (with effect in accordance with s. 84(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **s. 84(8)**
- F16** Words in s. 169K(4) substituted (with effect in accordance with Sch. 16 para. 4(2) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **Sch. 16 para. 1(4)**
- F17** S. 169K(4A) inserted (with effect in accordance with s. 84(14) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **s. 84(9)**
- F18** S. 169K(6) omitted (with effect in accordance with s. 84(13) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), **s. 84(10)**
- F19** S. 169K(6)-(9) inserted (with effect in accordance with s. 41(6) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), **s. 41(5)**
- F20** S. 169K(6A) inserted (with effect in accordance with s. 84(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **s. 84(11)**

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F21 Word in s. 169K(9) inserted (with effect in accordance with s. 84(13) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 84\(12\)](#)

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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](#)