



# Taxation of Chargeable Gains Act 1992

## 1992 CHAPTER 12

### PART VI U.K.

COMPANIES, OIL, INSURANCE ETC.

### CHAPTER I U.K.

COMPANIES

*Transactions within groups*

#### 171 Transfers within a group: general provisions. U.K.

[<sup>F1</sup>(1) Where—

- (a) a company (“company A”) disposes of an asset to another company (“company B”) at a time when both companies are members of the same group, and
- (b) the conditions in subsection (1A) below are met,

company A and company B are treated for the purposes of corporation tax on chargeable gains as if the asset were acquired by company B for a consideration of such amount as would secure that neither a gain nor a loss would accrue to company A on the disposal.

(1A) The conditions referred to in subsection (1)(b) above are—

- (a) that company A is resident in the United Kingdom at the time of the disposal, or the asset is a chargeable asset in relation to that company immediately before that time, and
- (b) that company B is resident in the United Kingdom at the time of the disposal, or the asset is a chargeable asset in relation to that company immediately after that time.

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For this purpose an asset is a “chargeable asset” in relation to a company at any time if, were the asset to be disposed of by the company at that time, any gain accruing to the company would be a chargeable gain and would by virtue of section [F<sup>2</sup>10B] form part of its chargeable profits for corporation tax purposes.]

- (2) Subsection (1) above shall not apply where the disposal is—
- (a) a disposal of a debt due from [F<sup>3</sup>company B] effected by satisfying the debt or part of it; or
  - (b) a disposal of redeemable shares in a company on the occasion of their redemption; or
  - (c) a disposal by or to an investment trust; or
  - [F<sup>4</sup>(cc) a disposal by or to a venture capital trust; or]
  - [F<sup>5</sup>(cd) a disposal by or to a qualifying friendly society; or]
  - (d) a disposal to a dual resident investing company; F<sup>6</sup>...
  - F<sup>6</sup>(e) .....

and the reference in subsection (1) above to [F<sup>7</sup>company A] disposing of an asset shall not apply to anything which under section 122 is to be treated as a disposal of an interest in shares in a company in consideration for a capital distribution (as defined in that section) from that company, whether or not involving a reduction of capital.

- (3) Subsection (1) above shall not apply to a transaction treated [F<sup>8</sup>by section 127 as it applies by virtue of section 135] as not involving a disposal by [F<sup>9</sup>company A].

[F<sup>10</sup>(3A) Subsection (1) above does not apply—

- (a) if section 91A of the Finance Act 1996 (shares subject to third party obligations)—
  - (i) does not apply in the case of the asset in relation to company A immediately before the disposal, but
  - (ii) does apply in the case of the asset in relation to company B immediately after its acquisition, or
- (b) if that section—
  - (i) applies in the case of the asset in relation to company A immediately before the disposal, but
  - (ii) does not apply in the case of the asset in relation to company B immediately after its acquisition.]

- (4) For the purposes of subsection (1) above, so far as the consideration for the disposal consists of money or money’s worth by way of compensation for any kind of damage or injury to assets, or for the destruction or dissipation of assets or for anything which depreciates or might depreciate an asset, the disposal shall be treated as being to the person who, whether as an insurer or otherwise, ultimately bears the burden of furnishing that consideration.

[F<sup>11</sup>(5) In subsection (2)(cd) above “qualifying friendly society” means a company which is a qualifying society for the purposes of section 461B of the Taxes Act (incorporated friendly societies entitled to exemption from income tax and corporation tax on certain profits).]

[F<sup>12</sup>(6) Subsection (1) above applies notwithstanding any provision in this Act fixing the amount of the consideration deemed to be received on a disposal or given on an acquisition.

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But where it is assumed for any purpose that a member of a group of companies has sold or acquired an asset, it shall be assumed also that it was not a sale or acquisition to which this section applies.]

#### Textual Amendments

- F1** S. 171(1)(1A) substituted for s. 171(1) (with effect in accordance with Sch. 29 para. 2(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 2\(2\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F2** Word in s. 171(1A) substituted (with effect in accordance with s. 155(2) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 27 para. 2\(3\)](#)
- F3** Words in s. 171(2)(a) substituted (with effect in accordance with Sch. 29 para. 2(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 2\(3\)\(a\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F4** S. 171(2)(cc) inserted (with application in accordance with s. 135(4) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 135\(1\)](#)
- F5** S. 171(2)(cd) inserted (with application in accordance with s. 136(5) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 136\(2\)](#)
- F6** S. 171(2)(e) and preceding word repealed (with effect in accordance with s. 251(1)(a)(7) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), [s. 251\(7\)\(b\)](#), [Sch. 26 Pt. VIII\(1\)](#)
- F7** Words in s. 171(2) substituted (with effect in accordance with [Sch. 29 para. 2\(6\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 2\(3\)\(b\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F8** Words in s. 171(3) substituted (with effect in accordance with [Sch. 9 paras. 7, 8](#) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [Sch. 9 para. 5\(10\)](#)
- F9** Words in s. 171(3) substituted (with effect in accordance with [Sch. 29 para. 2\(6\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 2\(4\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F10** S. 171(3A) inserted (with effect in accordance with [Sch. 7 para. 9\(3\)](#) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 7 para. 9\(2\)](#)
- F11** S. 171(5) inserted (with application in accordance with s. 136(5) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 136\(3\)](#)
- F12** S. 171(6) added (with effect in accordance with [Sch. 29 para. 2\(6\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 2\(5\)](#) (with [Sch. 29 para. 46\(5\)](#))

#### Modifications etc. (not altering text)

- C1** S. 171 excluded (27.7.1993 with application as mentioned in s. 165(1)) by [1993 c. 34](#), [s. 169](#), [Sch. 17 para. 7\(2\)\(b\)](#)
- C2** Ss. 171, 172 restricted (with effect in accordance with s. 131(4) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [s. 131\(1\)\(2\)\(a\)](#)
- C3** Ss. 170-192 restricted (27.7.1999) by [Commonwealth Development Corporation Act 1999 \(c. 20\)](#), [Sch. 3 paras. 1, 4\(1\)](#)
- C4** Ss. 170-181 restricted (12.1.2000) by [Greater London Authority Act 1999 \(c. 29\)](#), [ss. 419\(3\), 425\(2\)](#); [S.I. 1999/3434](#), art. 2
- C5** S. 171 applied (with modifications) (24.7.2002) by [Finance Act 2002 \(c. 23\)](#), [Sch. 29 para. 86\(6\)](#)
- C6** Ss. 170-181 modified (5.10.2004) by [Energy Act 2004 \(c. 20\)](#), [s. 198\(2\)](#), [Sch. 9 para. 35\(a\)](#) (with [s. 38\(2\)](#)); [S.I. 2004/2575](#), art. 2(1), [Sch. 1](#)
- C7** S. 171(1) excluded (retrospective to 11.1.1994) by [Finance Act 1994 \(c. 9\)](#), [s. 252\(3\)](#), [Sch. 24 para. 2\(3\)](#)
- C8** S. 171(1) excluded (retrospective to 11.1.1994) by [Finance Act 1994 \(c. 9\)](#), [s. 252\(3\)](#), [Sch. 24 para. 7\(3\)](#)
- C9** S. 171(1) excluded (retrospective to 11.1.1994) by [Finance Act 1994 \(c. 9\)](#), [s. 252\(3\)](#), [Sch. 24 para. 25\(3\)](#)
- C10** S. 171(1) restricted (8.11.1995) by [Atomic Energy Authority Act 1995 \(c. 37\)](#), [Sch. 3 para. 4\(1\)](#)
- C11** S. 171(1) excluded (24.7.1996) by [Broadcasting Act 1996 \(c. 55\)](#), [s. 149\(1\)](#), [Sch. 7 para. 2\(2\)](#) (with [Sch. 7 para. 9\(1\)](#))

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- C12** S. 171(1) excluded (1.2.2001) by [Transport Act 2000 \(c. 38\)](#), s. 275(1), Sch. 7 paras. 2(4), 20(5); [S.I. 2001/57, art. 3\(1\)](#)
- C13** S. 171(2)(cc) excluded (with effect in accordance with reg. 1(2)(b) of the amending S.I.) by [The Venture Capital Trust \(Winding up and Mergers\) \(Tax\) Regulations 2004 \(S.I. 2004/2199\)](#), regs. 1(1), 12(2)

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