



# Taxation of Chargeable Gains Act 1992

## 1992 CHAPTER 12

### PART VI

COMPANIES, OIL, INSURANCE ETC.

### CHAPTER I

COMPANIES

#### *Transactions within groups*

#### **[<sup>F1</sup>171A Notional transfers within a group.**

- (1) This section applies where—
  - (a) two companies (“A” and “B”) are members of a group of companies; and
  - (b) A disposes of an asset to a person who is not a member of the group (“C”).
- (2) Subject to subsections (3) and (4) below, A and B may, by notice in writing to an officer of the Board, jointly elect that, for the purposes of corporation tax on chargeable gains—
  - (a) the asset, or any part of it, shall be deemed to have been transferred by A to B immediately before the disposal to C;
  - (b) section 171(1) shall be deemed to have applied to that transfer; <sup>F2</sup>...
  - (c) the disposal of the asset or part to C shall be deemed to have been made by B<sup>F3</sup>; and
  - (d) any incidental costs to A of making the actual disposal to C shall be deemed to be incidental costs to B of making the deemed disposal to C].
- (3) No election may be made under subsection (2) above unless section 171(1) would have applied to an actual transfer of the asset or part from A to B.

[ Section 440(3) of the Taxes Act does not cause subsection (3) above to prevent the <sup>F4</sup>(3A) making of an election in a case where B is an insurance company; and in such a case

*Status: Point in time view as at 05/10/2004. This version of this provision has been superseded.*

*Changes to legislation: Taxation of Chargeable Gains Act 1992, Section 171A is up to date with all changes known to be in force on or before 20 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 asset or part deemed to be transferred to B by A, and by B to C, is to be treated for the purposes of subsections (2)(c) and (3) above as not being part of B’s long-term insurance fund.

“Insurance company” and “long-term insurance fund” have the same meaning as in Chapter 1 of Part 12 of the Taxes Act (see section 431(2) of that Act).]

- (4) An election under [<sup>F5</sup>subsection (2) above] must be made [<sup>F6</sup>on or before] the second anniversary of the end of the accounting period of A in which the disposal to C was made.
- (5) Any payment by A to B, or by B to A, in pursuance of an agreement between them in connection with the election—
- (a) shall not be taken into account in computing profits or losses of either company for corporation tax purposes, and
  - (b) shall not for any purposes of the Corporation Tax Acts be regarded as a distribution or a charge on income,
- provided it does not exceed the amount of the chargeable gain or allowable loss that is treated, as a result of the disposal, as accruing to B.]

#### Textual Amendments

- F1** S. 171A inserted (with effect in accordance with s. 101(2) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [s. 101\(1\)](#)
- F2** Word in s. 171A(2) omitted (11.5.2001) by virtue of [Finance Act 2001 \(c. 9\)](#), [s. 77\(2\)](#) (with [Sch. 3](#))
- F3** S. 171A(2)(d) and preceding word added (11.5.2001) by [Finance Act 2001 \(c. 9\)](#), [s. 77\(2\)](#) (with [Sch. 3](#))
- F4** S. 171A(3A) inserted (with effect in accordance with Sch. 33 para. 17(4) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 33 para. 17\(2\)](#)
- F5** Word in s. 171A(4) substituted (with effect in accordance with Sch. 33 para. 17(4) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 33 para. 17\(3\)](#)
- F6** Words in s. 171A(4) substituted (11.5.2001) by [Finance Act 2001 \(c. 9\)](#), [s. 77\(3\)](#) (with [Sch. 3](#))

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

- C1** 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](#)

**Status:**

Point in time view as at 05/10/2004. This version of this provision has been superseded.

**Changes to legislation:**

Taxation of Chargeable Gains Act 1992, Section 171A is up to date with all changes known to be in force on or before 20 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.