



Taxation of Chargeable Gains Act 1992

1992 CHAPTER 12

PART VI

COMPANIES, OIL, INSURANCE ETC.

CHAPTER I

COMPANIES

Transactions within groups

[^{F1}171A Election to reallocate gain or loss to another member of the group

(1) This section applies where—

- (a) a chargeable gain or an allowable loss accrues to a company (“company A”) in respect of an asset (or would so accrue but for an election under this section),
- (b) at the time of accrual, company A and another company (“company B”) are members of the same group, and
- (c) had company A disposed of the asset to company B immediately before the time of accrual, section 171(1) would have applied.

[^{F2}(2) In determining for the purposes of subsection (1)(c) whether subsection (1) of section 171 would have applied, it is to be assumed that subsection (1A)(b) of that section read—

“(b) that—

- (i) at the time of the disposal, company B is resident in the United Kingdom, or carrying on a trade in the United Kingdom through a permanent establishment there, or
- (ii) the asset is a chargeable asset in relation to company B immediately after the time of the disposal.”]

Status: Point in time view as at 02/12/2019.

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 22 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)

- (3) In this section “the time of accrual” means the time the chargeable gain or allowable loss accrues to company A (or would so accrue but for an election under this section).
- (4) Companies A and B may make a joint election to transfer the chargeable gain or allowable loss, or such part of it as is specified in the election, from company A to company B [^{F3}(but see subsection (4A))].
- [^{F4}(4A) An election may not be made under this section to transfer the whole or part of a ring fence chargeable gain from a company carrying on a ring fence trade to a company not carrying on such a trade.
- (4B) In subsection (4A)—
- “ring fence chargeable gain”, in relation to a company, means—
- (a) a chargeable gain accruing to the company on a material disposal within the meaning of section 197 (disposals of interests in oil fields etc: ring fence provisions), or
- (b) a chargeable gain treated as accruing to the company by virtue of section 197(4);
- “ring fence trade” has the same meaning as in Part 8 of CTA 2010 (see section 277 of that Act).]
- (5) An election under this section must be made—
- (a) by notice to an officer of Revenue and Customs, and
- (b) no later than two years after the end of the accounting period of company A in which the time of accrual falls.
- (6) An election, or two or more elections made simultaneously, is or are of no effect if, taken together with each earlier election (if any) made in respect of the same gain or loss, it or they would (apart from this subsection) have effect in relation to an amount exceeding the gain or loss.
- [^{F5}(7)]
- (8) For the effect of an election under this section, see section 171B.]

Textual Amendments

- F1** Ss. 171A-171C substituted for s. 171A (with effect in accordance with Sch. 12 para. 5 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 12 para. 1](#)
- F2** S. 171A(2) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 62](#)
- F3** Words in s. 171A(4) inserted (with effect in accordance with s. 181(4)(5) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [s. 181\(2\)](#)
- F4** S. 171A(4A)(4B) inserted (with effect in accordance with s. 181(4)(5) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [s. 181\(3\)](#)
- F5** S. 171A(7) omitted (with effect in accordance with Sch. 10 para. 9 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 10 para. 2](#)

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](#)
- C2** Ss. 171A-171C modified (with effect in accordance with s. 1184(1) of the affecting Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [ss. 601, 1184\(1\)](#) (with [Sch. 2](#))

Status: Point in time view as at 02/12/2019.

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C3 S. 171A excluded (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Risk Transformation \(Tax\) Regulations 2017 \(S.I. 2017/1271\)](#), regs. 1(1), **9**

Status:

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