



Taxation of Chargeable Gains Act 1992

1992 CHAPTER 12

PART VII

OTHER PROPERTY, BUSINESSES, INVESTMENTS ETC.

[^{F1}Investments in social enterprises

[^{F1}255E Reorganisations involving shares to which SI relief is attributable

- (1) Subsection (2) applies if 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—
 - (a) shares to which SI relief is attributable and to which subsection (3) applies,
 - (b) shares to which SI relief is attributable and to which subsection (3) does not apply, and
 - (c) shares to which SI relief is not attributable and to which subsection (3) does not apply.
- (2) If there is a reorganisation within the meaning of section 126 affecting the shares listed in subsection (1), section 127 applies separately to those shares so that shares of each kind are treated as a separate holding of original shares and identified with a separate new holding.
- (3) This subsection applies to any shares if—
 - (a) expenditure on the shares has been set under Schedule 8B 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.
- (4) If—
 - (a) an individual holds shares (“the existing holding”) which form part of the ordinary share capital of a company,

Changes to legislation: *Taxation of Chargeable Gains Act 1992, Section 255E is up to date with all changes known to be in force on or before 12 June 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) View outstanding changes*

- (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, SI relief is attributable to the existing holding or the allotted shares,
- sections 127 to 130 do not apply in relation to the existing holding.
- (5) Subject to subsection (6), sections 135 and 136 do not apply in respect of shares to which SI relief is attributable.
- (6) Subsection (5) does not have effect to disapply section 135 or 136 in a case where the original shares are shares to which SI relief is attributable if—
- (a) the new holding consists of new ordinary shares which meet conditions A and B of section 257L of ITA 2007,
 - (b) the new shares are issued after the end of three years beginning with the day on which the original shares were acquired,
 - (c) before issuing the new shares, the company had issued shares which met conditions A and B of section 257L of ITA 2007, and
 - (d) the company issued a compliance certificate in relation to those earlier shares for the purposes of section 257PA(1) of ITA 2007 and in accordance with sections 257PB and 257PC of ITA 2007.
- (7) In subsection (6) “new holding” is to be construed in accordance with sections 126, 127, 135 and 136.
- (8) In this section—
- “ordinary share capital” has the meaning given in section 989 of ITA 2007;
 - “ordinary shares”, in relation to a company, means shares forming part of its ordinary share capital.]

Textual Amendments

F1 Ss. 255A-255E and cross-heading inserted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 12 para. 2](#)

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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](#)