

Status: Point in time view as at 17/09/2004. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2002, Paragraph 66. (See end of Document for details)

SCHEDULES

SCHEDULE 29

GAINS AND LOSSES OF A COMPANY FROM INTANGIBLE FIXED ASSETS

Modifications etc. (not altering text)

C1 Sch. 29 applied (with modifications) (15.8.2002) by [S.I. 2002/1967](#), [regs. 3-6](#)

PART 9

APPLICATION OF PROVISIONS TO GROUPS OF COMPANIES

Reallocation of degrouping charge within group

- 66 (1) This paragraph applies where a chargeable realisation gain accrues to a company (“company X”) under paragraph 58 or 60 in respect of an asset.
- (2) For the purposes of this paragraph—
- (a) “the relevant time” is—
- (i) in a case within paragraph 58, immediately before company X ceases to be a member of the group;
- (ii) in a case within paragraph 60, immediately before company X ceases to satisfy the qualifying condition;
- (b) “the relevant group” is—
- (i) in a case within paragraph 58, the group of which company X was a member at the relevant time;
- (ii) in a case within paragraph 60, the second group (within the meaning of that paragraph).
- (3) Company X and a company that was a member of the relevant group at the relevant time (“company Y”) may jointly elect that the gain, or such part of it as may be specified in the election, shall be treated as accruing to company Y and not to company X.
- (4) An election to that effect may be made only if the following two conditions are met.
- (5) The first condition is that at the relevant time company Y—
- (a) was resident in the United Kingdom, or
- (b) carried on a trade in the United Kingdom through a [F1permanent establishment] and was not by virtue of arrangements under Part 18 of the Taxes Act 1988 (double taxation relief) exempt from corporation tax in respect of the profits or gains of that [F1permanent establishment].
- (6) The second condition is that company Y was not at the relevant time—

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- (a) a qualifying society within the meaning of section 461A of the Taxes Act 1988 (incorporated friendly societies entitled to exemption from tax), or
 - (b) a dual resident investing company within the meaning of section 404 of that Act (limitation of group relief).
- (7) An election under this paragraph must be made—
- (a) by notice in writing to the Inland Revenue,
 - (b) not later than two years after the end of the accounting period of company X in which the relevant time falls.
- (8) The effect of the election is that the gain, or the part specified in the election, is treated—
- (a) as if it had accrued to company Y at the relevant time as a non-trading credit for the purposes of Part 6 (how credits and debits are given effect), and
 - (b) where company Y is not resident in the United Kingdom at the relevant time, as if it had accrued in respect of an asset held for the purposes of a [^{F2}permanent establishment] of the company in the United Kingdom.

Textual Amendments

- F1** Words in Sch. 29 para. 66(5) substituted (with effect in accordance with s. 153(4) of the amending Act) by [Finance Act 2003 \(c. 14\), s. 153\(1\)\(e\)](#)
- F2** Words in Sch. 29 para. 66(8)(b) substituted (with effect in accordance with s. 153(4) of the amending Act) by [Finance Act 2003 \(c. 14\), s. 153\(1\)\(e\)](#)

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