

Status: Point in time view as at 01/03/2007.

Changes to legislation: Finance Act 2003, Cross Heading: Reconstruction relief is up to date with all changes known to be in force on or before 07 September 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)

SCHEDULES

SCHEDULE 7

STAMP DUTY LAND TAX: GROUP RELIEF AND RECONSTRUCTION AND ACQUISITION RELIEFS

PART 2

RECONSTRUCTION AND ACQUISITION RELIEFS

Reconstruction relief

- 7 (1) Where—
- (a) a company (“the acquiring company”) acquires the whole or part of the undertaking of another company (“the target company”) in pursuance of a scheme for the reconstruction of the target company, and
 - (b) the first, second and third conditions specified below are met,
- a land transaction entered into for the purposes of or in connection with the transfer of the undertaking or part is exempt from charge.
- Relief under this paragraph is referred to in this Part as “reconstruction relief”.
- (2) The first condition is that the consideration for the acquisition consists wholly or partly of the issue of non-redeemable shares in the acquiring company to all the shareholders of the target company.
- “Non-redeemable shares” means shares that are not redeemable shares.
- (3) Where the consideration for the acquisition consists partly of the issue of non-redeemable shares as mentioned in the first condition, that condition is met only if the rest of the consideration consists wholly of the assumption or discharge by the acquiring company of liabilities of the target company.
- (4) The second condition is that after the acquisition has been made—
- (a) each shareholder of each of the companies is a shareholder of the other, and
 - (b) the proportion of shares of one of the companies held by any shareholder is the same, or as nearly as may be the same, as the proportion of shares of the other company held by that shareholder.
- (5) The third condition is that the acquisition is effected for bona fide commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is the avoidance of liability to tax.
- “Tax” here means stamp duty, income tax, corporation tax, capital gains tax or tax under this Part.
- (6) This paragraph is subject to paragraph 9 (withdrawal of reconstruction or acquisition relief).

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