



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 4

SAVINGS AND INVESTMENT INCOME

CHAPTER 8

PROFITS FROM DEEPLY DISCOUNTED SECURITIES

Special rules for listed securities held since 26th March 2003

456 Securities issued to connected persons etc. at excessive price: subsequent transfers to connected persons

- (1) No loss is taken to occur for the purposes of section 454 on a transfer of a deeply discounted security to a person connected with the transferor if conditions A and B and either condition C or conditions D and E are met.
- (2) Condition A is that the transferor acquired the security on its issue.
- (3) Condition B is that the amount paid by the transferor to acquire the security exceeded the market value of the security at the time of its issue.
- (4) Condition C is that at that time the transferor was connected with the issuer.
- (5) Condition D is that at that time the issuer was a close company.
- (6) Condition E is that at that time the transferor controlled that company with other persons to whom securities of the same kind were also issued.

Status: Point in time view as at 01/04/2010.

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 456. (See end of Document for details)

[^{F1}(7) Chapter 2 of Part 10 of CTA 2010 (meaning of “close company”) applies for the purposes of this section but with the omission of section 442(a) (exclusion of non-UK resident companies).]

(8) In this section “control” has the meaning given by [^{F2}sections 450 and 451 of CTA 2010].

Textual Amendments

- F1** S. 456(7) substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 466\(2\)](#) (with [Sch. 2](#))
- F2** Words in s. 456(8) substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 466\(3\)](#) (with [Sch. 2](#))

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