



# Companies Act 2006

## 2006 CHAPTER 46

### PART 17

#### A COMPANY'S SHARE CAPITAL

### CHAPTER 5

#### PAYMENT FOR SHARES

#### *General rules*

#### **580 Shares not to be allotted at a discount**

- (1) A company's shares must not be allotted at a discount.
- (2) If shares are allotted in contravention of this section, the allottee is liable to pay the company an amount equal to the amount of the discount, with interest at the appropriate rate.

#### **581 Provision for different amounts to be paid on shares**

A company, if so authorised by its articles, may—

- (a) make arrangements on the issue of shares for a difference between the shareholders in the amounts and times of payment of calls on their shares;
- (b) accept from any member the whole or part of the amount remaining unpaid on any shares held by him, although no part of that amount has been called up;
- (c) pay a dividend in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.

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*Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: General rules. (See end of Document for details)*

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## **582 General rule as to means of payment**

- (1) Shares allotted by a company, and any premium on them, may be paid up in money or money's worth (including goodwill and know-how).
- (2) This section does not prevent a company—
  - (a) from allotting bonus shares to its members, or
  - (b) from paying up, with sums available for the purpose, any amounts for the time being unpaid on any of its shares (whether on account of the nominal value of the shares or by way of premium).
- (3) This section has effect subject to the following provisions of this Chapter (additional rules for public companies).

## **583 Meaning of payment in cash**

- (1) The following provisions have effect for the purposes of the Companies Acts.
- (2) A share in a company is deemed paid up (as to its nominal value or any premium on it) in cash, or allotted for cash, if the consideration received for the allotment or payment up is a cash consideration.
- (3) A “cash consideration” means—
  - (a) cash received by the company,
  - (b) a cheque received by the company in good faith that the directors have no reason for suspecting will not be paid,
  - (c) a release of a liability of the company for a liquidated sum,
  - (d) an undertaking to pay cash to the company at a future date, or
  - (e) payment by any other means giving rise to a present or future entitlement (of the company or a person acting on the company's behalf) to a payment, or credit equivalent to payment, in cash.
- (4) The Secretary of State may by order provide that particular means of payment specified in the order are to be regarded as falling within subsection (3)(e).
- (5) In relation to the allotment or payment up of shares in a company—
  - (a) the payment of cash to a person other than the company, or
  - (b) an undertaking to pay cash to a person other than the company,
 counts as consideration other than cash.  
  
 This does not apply for the purposes of Chapter 3 (allotment of equity securities: existing shareholders' right of pre-emption).
- (6) For the purpose of determining whether a share is or is to be allotted for cash, or paid up in cash, “cash” includes foreign currency.
- (7) An order under this section is subject to negative resolution procedure.

### **Commencement Information**

- II** S. 583 wholly in force at 1.10.2009; s. 583 not in force at Royal Assent, see s. 1300; s. 583 in force for specified purposes at 20.1.2007 by [S.I. 2006/3428](#), [art. 3\(3\)](#) (subject to [art. 5](#), [Sch. 1](#) and with [arts. 6](#),

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**Changes to legislation:** There are currently no known outstanding effects for the Companies Act 2006, Cross Heading: General rules. (See end of Document for details)

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8, Sch. 5); s. 583 otherwise in force at 1.10.2009 by S.I. 2008/2860, **art. 3(k)** (with arts. 5, 7, 8, Sch. 2) (as amended by S.I. 2009/1802, art. 18)

**Changes to legislation:**

There are currently no known outstanding effects for the Companies Act 2006, Cross Heading:  
General rules.