



# Companies Act 2006

## 2006 CHAPTER 46

### PART 18

#### ACQUISITION BY LIMITED COMPANY OF ITS OWN SHARES

#### CHAPTER 1

##### GENERAL PROVISIONS

##### *Supplementary provisions*

#### **671 Interests to be disregarded in determining whether company has beneficial interest**

In determining for the purposes of this Chapter whether a company has a beneficial interest in shares, there shall be disregarded any such interest as is mentioned in—  
section 672 (residual interest under pension scheme or employees' share scheme),  
section 673 (employer's charges and other rights of recovery), or  
section 674 (rights as personal representative or trustee).

#### **672 Residual interest under pension scheme or employees' share scheme**

- (1) Where the shares are held on trust for the purposes of a pension scheme or employees' share scheme, there shall be disregarded any residual interest of the company that has not vested in possession.
- (2) A “residual interest” means a right of the company to receive any of the trust property in the event of—
  - (a) all the liabilities arising under the scheme having been satisfied or provided for, or
  - (b) the company ceasing to participate in the scheme, or

---

*Changes to legislation: Companies Act 2006, Cross Heading: Supplementary provisions is up to date with all changes known to be in force on or before 31 July 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*

---

- (c) the trust property at any time exceeding what is necessary for satisfying the liabilities arising or expected to arise under the scheme.
- (3) In subsection (2)—
- (a) the reference to a right includes a right dependent on the exercise of a discretion vested by the scheme in the trustee or another person, and
  - (b) the reference to liabilities arising under a scheme includes liabilities that have resulted, or may result, from the exercise of any such discretion.
- (4) For the purposes of this section a residual interest vests in possession—
- (a) in a case within subsection (2)(a), on the occurrence of the event mentioned there (whether or not the amount of the property receivable pursuant to the right is ascertained);
  - (b) in a case within subsection (2)(b) or (c), when the company becomes entitled to require the trustee to transfer to it any of the property receivable pursuant to that right.
- (5) Where by virtue of this section shares are exempt from section 660 or 661 (shares held by company's nominee) at the time they are taken, issued or acquired but the residual interest in question vests in possession before they are disposed of or fully paid up, those sections apply to the shares as if they had been taken, issued or acquired on the date on which that interest vests in possession.
- (6) Where by virtue of this section shares are exempt from sections 662 to 668 (shares held by or for public company) at the time they are acquired but the residual interest in question vests in possession before they are disposed of, those sections apply to the shares as if they had been acquired on the date on which the interest vests in possession.

### **673 Employer's charges and other rights of recovery**

- (1) Where the shares are held on trust for the purposes of a pension scheme there shall be disregarded—
- (a) any charge or lien on, or set-off against, any benefit or other right or interest under the scheme for the purpose of enabling the employer or former employer of a member of the scheme to obtain the discharge of a monetary obligation due to him from the member;
  - (b) <sup>F1</sup>any right to receive from the trustee of the scheme, or as trustee of the scheme to retain, an amount that can be recovered or retained—
    - <sup>F2</sup>(i) . . . . .
    - (ii) under section 57 of the Pension Schemes (Northern Ireland) Act 1993 (c. 49), or otherwise, as reimbursement or partial reimbursement for any contributions equivalent premium paid in connection with the scheme under Part 3 of that Act.]
- (2) Where the shares are held on trust for the purposes of an employees' share scheme, there shall be disregarded any charge or lien on, or set-off against, any benefit or other right or interest under the scheme for the purpose of enabling the employer or former employer of a member of the scheme to obtain the discharge of a monetary obligation due to him from the member.

---

**Changes to legislation:** Companies Act 2006, Cross Heading: Supplementary provisions is up to date with all changes known to be in force on or before 31 July 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

---

#### Textual Amendments

- F1** S. 673(1)(b) omitted (N.I.) (6.4.2016 unless brought into operation earlier by an order under s. 53(1) of the amending Act) by virtue of [Pensions Act \(Northern Ireland\) 2015 \(c. 5\), s. 53\(3\), Sch. 13 para. 74](#)
- F2** S. 673(1)(b)(i) omitted (6.4.2016 unless brought into force earlier by an order under s. 56(1) of the amending Act) by virtue of [Pensions Act 2014 \(c. 19\), s. 56\(4\), Sch. 13 para. 76](#)

### 674 Rights as personal representative or trustee

Where the company is a personal representative or trustee, there shall be disregarded any rights that the company has in that capacity including, in particular—

- (a) any right to recover its expenses or be remunerated out of the estate or trust property, and
- (b) any right to be indemnified out of that property for any liability incurred by reason of any act or omission of the company in the performance of its duties as personal representative or trustee.

### 675 Meaning of “pension scheme”

- (1) In this Chapter “pension scheme” means a scheme for the provision of benefits consisting of or including relevant benefits for or in respect of employees or former employees.
- (2) In subsection (1) “relevant benefits” means any pension, lump sum, gratuity or other like benefit given or to be given on retirement or on death or in anticipation of retirement or, in connection with past service, after retirement or death.

### 676 Application of provisions to directors

For the purposes of this Chapter references to “employer” and “employee”, in the context of a pension scheme or employees' share scheme, shall be read as if a director of a company were employed by it.

**Changes to legislation:**

Companies Act 2006, Cross Heading: Supplementary provisions is up to date with all changes known to be in force on or before 31 July 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.

[View outstanding changes](#)

**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

- Act amendment to earlier affecting provision S.I. 2008/373 reg. 11(1) by [S.I. 2013/1971 reg. 9\(a\)](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)
- Act amendment to earlier affecting provision S.I. 2008/373 reg. 3(4) by [S.I. 2013/1971 reg. 4](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)

**Whole provisions yet to be inserted into this Act (including any effects on those provisions):**

- s. 479A(2)(c)(zi) inserted by [S.I. 2019/177 reg. 4\(b\)\(i\)](#) (This amendment not applied to legislation.gov.uk. Reg. 4 substituted by regs. 4, 4A immediately before IP completion day by S.I. 2019/1392, regs. 1(2), 4)
- Sch. 2 Pt. 2 Section (A) para. 25(m) inserted by [2024 c. 13 Sch. 30 para. 30](#)
- Sch. 2 Pt. 2 Section (A) para. 25(j) omitted by [2024 c. 13 Sch. 21 para. 10](#)
- Sch. 2 Pt. 2 Section (A) para. 28 words substituted by [2024 c. 13 Sch. 18 para. 9\(2\)\(a\)\(i\)](#)
- Sch. 2 Pt. 2 Section (A) para. 29 words substituted by [2024 c. 13 Sch. 18 para. 9\(2\)\(a\)\(ii\)](#)
- Sch. 2 Pt. 2 Section (A) para. 36 words substituted by [2024 c. 13 Sch. 18 para. 9\(2\)\(b\)](#)
- Sch. 10 para. 6(2D) inserted by [S.I. 2019/177 reg. 28\(e\)](#) (This amendment not applied to legislation.gov.uk. Reg. 28(e) omitted immediately before IP completion day by virtue of S.I. 2020/523, regs. 1(2), 14(e)(iv))
- Sch. 10 para. 7(2A) inserted by [S.I. 2019/177 reg. 29\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 29 substituted immediately before IP completion day by S.I. 2020/523, regs. 1(2), 14(f))