



Income Tax Act 2007

2007 CHAPTER 3

PART 4

LOSS RELIEF

CHAPTER 6

LOSSES ON DISPOSAL OF SHARES

Qualifying trading companies: supplementary

145 Relief after an exchange of shares for shares in another company

- (1) This section and section 146 apply in relation to shares to which EIS relief is not attributable if—
- (a) a company (“the new company”) in which the only issued shares are subscriber shares acquires all the shares (“old shares”) in another company (“the old company”),
 - (b) the consideration for the old shares consists wholly of the issue of shares (“new shares”) in the new company,
 - (c) the consideration for the new shares of each description consists wholly of old shares of the corresponding description,
 - (d) new shares of each description are issued to the holders of old shares of the corresponding description in respect of and in proportion to their holdings, and
 - (e) by virtue of section 127 of TCGA 1992 as applied by section 135(3) of that Act (company reconstructions etc), the exchange of shares is not to be treated as involving a disposal of the old shares or an acquisition of the new shares.

In this subsection references to shares, except in the expressions “shares to which EIS relief is not attributable” and “subscriber shares”, include securities.

Status: Point in time view as at 21/07/2009.

*Changes to legislation: There are currently no known outstanding effects
for the Income Tax Act 2007, Section 145. (See end of Document for details)*

- (2) For the purposes of this Chapter the exchange of shares is not regarded as involving any disposal of the old shares or any acquisition of the new shares.
- (3) Nothing in—
 - (a) section 136(2) (disposals of new shares), and
 - (b) section 139 (the control and independence requirement),applies in relation to such an exchange of shares, or shares and securities, as is mentioned in subsection (1) or, in the case of section 139, arrangements with a view to such an exchange.
- (4) For the purposes of this section old shares and new shares are of a corresponding description if, on the assumption that they were shares in the same company, they would be of the same class and carry the same rights.
- (5) References in section 146 to “old shares”, “new shares”, “the old company” and “the new company” are to be read in accordance with this section.

Status:

Point in time view as at 21/07/2009.

Changes to legislation:

There are currently no known outstanding effects for the Income Tax Act 2007, Section 145.