

Status: Point in time view as at 26/06/2020.

Changes to legislation: Corporation Tax Act 2010, Cross Heading: “Qualifying change of ownership” is up to date with all changes known to be in force on or before 29 June 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)



Corporation Tax Act 2010

2010 CHAPTER 4

PART 9

LEASING PLANT OR MACHINERY

CHAPTER 3

SALES OF LESSORS: LEASING BUSINESS CARRIED ON BY A COMPANY ALONE

^{F1} “Qualifying change of ownership”

Textual Amendments

- F1** S. 394A and cross-heading inserted (with effect in accordance with Sch. 18 para. 9 of the amending Act) by [Finance Act 2010 \(c. 13\)](#), [Sch. 18 para. 5](#)

394A “Qualifying change of ownership”

[For the purposes of the sales of lessors Chapters there is a qualifying change of ^{F2}(1) ownership in relation to a company (“A”) on any day if there is a relevant change in the relationship on that day between A and a principal company of A unless any of the following apply—

- (a) section 395(2),
- (b) section 396(2), or
- (c) section 398A(2) or (5).

[If the qualifying change of ownership would (but for this subsection) occur on any ^{F3}(2) day as a result of—

- (a) section 393 or 394ZA, or
- (b) section 394 or 394ZA,

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it is treated instead for the purposes of the sales of lessors Chapters as occurring on that day solely as a result of section 394ZA.]]

Textual Amendments

- F2** S. 394A(1) renumbered (with effect in accordance with s. 24(10) of the amending Act) by [Finance Act 2012 \(c. 14\), s. 24\(5\)\(a\)](#)
- F3** S. 394A(2) inserted (with effect in accordance with s. 24(10) of the amending Act) by [Finance Act 2012 \(c. 14\), s. 24\(5\)\(b\)](#)

395 No qualifying change of ownership in certain intra-group reorganisations

- (1) This section applies if—
- (a) a relevant change in the relationship between a company (“A”) and a principal company of A occurs on any day,
 - (b) that change occurs by reference to A or any other company ceasing to be a qualifying 75% subsidiary on that day, and
 - (c) A, and every company by reference to which that change occurs, are qualifying 75% subsidiaries of the principal company concerned at the start and end of that day.
- (2) For the purposes of the sales of lessors Chapters, there is no qualifying change of ownership in relation to A on that day as a result of that change in the relationship.

396 No qualifying change of ownership where principal company's interest in consortium company unchanged

- (1) This section applies if—
- (a) a company (“A”) is owned by a consortium, and
 - (b) a relevant change in the relationship between A and a principal company of A occurs on any day,
- but the principal company's interest in A remains unchanged.
- (2) For the purposes of the sales of lessors Chapters, there is no qualifying change of ownership in relation to A on that day as a result of that change in that relationship.
- (3) For the purposes of this section the principal company's interest in A remains unchanged if the percentage of the ordinary share capital of A that is beneficially owned directly or indirectly by the principal company is the same at the beginning and end of that day.
- (4) Sections 1155 to 1157 apply for construing subsection (3).

397 Companies owned by consortiums and members of consortiums

- (1) This section defines what a company being owned by, or a member of, a consortium means for the purposes of the sales of lessors Chapters.
- (2) A company is owned by a consortium if—
- (a) it is not a qualifying 75% subsidiary of any company,

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- (b) at least 75% of its ordinary share capital is beneficially owned between them by other companies, and
 - (c) none of those other companies owns less than 5% of that capital.
- (3) Those other companies are the members of the consortium.

398 “Qualifying 75%^{F4} ... subsidiary” etc

- (1) For the purposes of the sales of lessors Chapters, a company (“the subsidiary company”) is a qualifying 75% subsidiary of another company (“the parent company”) if condition A or B is met and condition C is met.
- (2) Condition A is that—
- (a) the subsidiary company has ordinary share capital, and
 - (b) the subsidiary company is a 75% subsidiary of the parent company.
- (3) Condition B is that—
- (a) the subsidiary company does not have ordinary share capital, and
 - (b) the parent company has control of the subsidiary company.
- (4) Condition C is that the parent company—
- (a) is beneficially entitled to at least 75% of any profits available for distribution to equity holders of the subsidiary company, and
 - (b) would be beneficially entitled to at least 75% of any assets of the subsidiary company available for distribution to its equity holders on a winding up.
- ^{F5}(5)
- ^{F6}(6)
- (7) Chapter 6 of Part 5 (equity holders and profits or assets available for distribution)—
- (a) applies for the purposes of section 394(3)(b) and (c) (including that section as applied for the purposes of section 406(5)) and of section 405(5)(b) and (c) as that Chapter applies for the purposes of section 143(3)(b) and (c) (condition 1: surrendering company owned by consortium) and section 144(3)(b) and (c) (condition 1: claimant company owned by consortium), and
 - (b) applies for the purposes of subsection (4)(a) and (b) as that Chapter applies for the purposes of section 151(4)(a) and (b) (meaning of “75% subsidiary”^{F7} ...).
- (8) But in a case where the subsidiary company does not have ordinary share capital, Chapter 6 of Part 5 applies for those purposes as if the members of that company were equity holders of that company for the purposes of that Chapter.

Textual Amendments

- F4** Words in s. 398 heading omitted (with effect in accordance with s. 29(8) of the amending Act) by virtue of [Finance Act 2010 \(c. 13\)](#), [s. 29\(4\)](#)
- F5** S. 398(5) omitted (with effect in accordance with s. 29(8) of the amending Act) by virtue of [Finance Act 2010 \(c. 13\)](#), [s. 29\(4\)\(a\)](#)
- F6** S. 398(6) omitted (with effect in accordance with s. 29(8) of the amending Act) by virtue of [Finance Act 2010 \(c. 13\)](#), [s. 29\(4\)\(a\)](#)
- F7** Words in s. 398(7)(b) omitted (with effect in accordance with s. 29(8) of the amending Act) by virtue of [Finance Act 2010 \(c. 13\)](#), [s. 29\(4\)\(b\)](#)

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