
Status: Point in time view as at 17/07/2012.

Changes to legislation: Corporation Tax Act 2010, Cross Heading: Meaning of “significant increase in the amount of a company's capital” is up to date with all changes known to be in force on or before 19 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)



Corporation Tax Act 2010

2010 CHAPTER 4

PART 14

CHANGE IN COMPANY OWNERSHIP

CHAPTER 3

COMPANY WITH INVESTMENT BUSINESS: RESTRICTIONS ON RELIEF: GENERAL PROVISION

Meaning of “significant increase in the amount of a company's capital”

688 Meaning of “significant increase in the amount of a company's capital”

- (1) This section and sections 689 to 691 have effect for determining whether, for the purposes of section 677(2), there is a significant increase in the amount of a company's capital after a change in the ownership of the company.
- (2) There is a significant increase in the amount of a company's capital if amount B—
 - (a) exceeds amount A by at least £1 million, or
 - (b) is at least twice amount A.
- (3) For the meaning of—
 - (a) “amount A” and “amount B”, see sections 689 and 690 respectively, and
 - (b) “amount of capital”, see section 691.

689 Amount A

- (1) In section 688, amount A is the lower of—
 - (a) the amount of the company's capital immediately before the change in ownership, and
 - (b) the highest 60 day minimum amount for the pre-change year.

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- (2) The highest 60 day minimum amount for the pre-change year is found as follows.
- Step 1* Find the daily amounts of the company's capital over the pre-change year.
- Step 2* Take the highest of the daily amounts.
- Step 3* Find out whether there was in the pre-change year a period of at least 60 days in which there was no daily amount lower than the amount taken.
- Step 4* If there was, the amount taken is the highest 60 day minimum amount for the pre-change year. If there was not, take the next highest of the daily amounts and repeat step 3; and so on, until the highest 60 day minimum amount for the pre-change year is found.
- (3) In this section “the pre-change year” means the period of one year ending immediately before the change in ownership.

690 Amount B

- (1) In section 688, amount B is the highest 60 day minimum amount for the post-change period.
- (2) The highest 60 day minimum amount for the post-change period is found as follows.
- Step 1* Find the daily amounts of the company's capital over the post-change period.
- Step 2* Take the highest of the daily amounts.
- Step 3* Find out whether there was in the post-change period a period of at least 60 days in which there was no daily amount lower than the amount taken.
- Step 4* If there was, the amount taken is the highest 60 day minimum amount for the post-change period. If there was not, take the next highest of the daily amounts and repeat step 3; and so on, until the highest 60 day minimum amount for the post-change period is found.
- (3) In this section “the post-change period” means the period of 3 years beginning with the change in ownership.

691 Meaning of “amount of capital”

- (1) This section applies for the purposes of sections 688 to 690.
- (2) The amount of the capital of a company is the sum of—
- (a) the amount of the paid up share capital of the company,
 - (b) the amount outstanding of any debts incurred by the company which are within section 453(2), and
 - (c) the amount outstanding of any redeemable loan capital issued by the company.
- (3) For the purposes of subsection (2)—
- (a) the amount of the paid up share capital includes any amount in the share premium account of the company, and
 - (b) the amount outstanding of any debts includes the amount of any interest due on the debts.
- (4) Amounts of capital are to be expressed in sterling.
- (5) In this section “share premium account” has the same meaning as in section 610 of the Companies Act 2006.

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