



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} “Relevant change in relationship”]

Textual Amendments

- F1** S. 392 and cross-heading substituted (with effect in accordance with Sch. 18 para. 9 of the amending Act) by [Finance Act 2010 \(c. 13\)](#), [Sch. 18 para. 4](#)

[^{F1}392 “Relevant change in relationship”

For the purposes of the sales of lessors Chapters there is a relevant change in the relationship between a company (“A”) and a principal company of A on any day in any of the circumstances in section 393 or 394 (qualifying 75% subsidiaries and consortium relationships) [^{F2}or section 394ZA (company joining tonnage tax group)].

Textual Amendments

- F2** Words in s. 392 inserted (with effect in accordance with s. 24(10) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [s. 24\(3\)](#)

393 Qualifying 75% subsidiaries

(1) A company (“B”) is a principal company of A if—

Changes to legislation: Corporation Tax Act 2010, Cross Heading: “Relevant change in relationship” is up to date with all changes known to be in force on or before 08 August 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

- (a) A is a qualifying 75% subsidiary of B, and
 - (b) B is not a qualifying 75% subsidiary of another company.
- (2) There is a relevant change in the relationship between A and B (as a principal company) on any day if A ceases to be a qualifying 75% subsidiary of B on that day.
- (3) A company (“C”) is a principal company of A if—
- (a) A is a qualifying 75% subsidiary of B,
 - (b) B is a qualifying 75% subsidiary of C, and
 - (c) C is not a qualifying 75% subsidiary of another company.
- (4) There is a relevant change in the relationship between A and C (as a principal company) on any day if—
- (a) A ceases to be a qualifying 75% subsidiary of B on that day, or
 - (b) B ceases to be a qualifying 75% subsidiary of C on that day.
- (5) If C is a qualifying 75% subsidiary of another company (“D”), D is a principal company of A unless D is a qualifying 75% subsidiary of another company, and so on.
- (6) Accordingly, there is a relevant change in the relationship between A and a principal company of A on any day if—
- (a) in determining which company is a principal company, regard is had to any company which is a qualifying 75% subsidiary of another, and
 - (b) that company ceases to be a qualifying 75% subsidiary of the other on that day.
- (7) This section is supplemented by section 398 (“qualifying 75% ^{F3}... subsidiary” etc).

Textual Amendments

F3 Words in s. 393(7) omitted (with effect in accordance with s. 29(8) of the amending Act) by virtue of Finance Act 2010 (c. 13), s. 29(2)

394 Consortium relationships

- (1) A company (“E”) is a principal company of A if—
- (a) A is owned by a consortium of which E is a member, or
 - (b) A is a qualifying [^{F4}75%] subsidiary of a company owned by a consortium of which E is a member,
- and E is not a qualifying 75% subsidiary of another company.
- (2) There is a relevant change in the relationship between A and E (as a principal company) on any day if the ownership proportion at the end of the day is less than the ownership proportion at the start of the day.
- (3) In this section “the ownership proportion” is whichever is the lowest of the following percentages—
- (a) the percentage of the ordinary share capital of A that is beneficially owned by E,
 - (b) the percentage to which E is beneficially entitled of any profits available for distribution to equity holders of A, and
 - (c) the percentage to which E would be beneficially entitled of any assets of A available for distribution to its equity holders on a winding up.

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- (4) But if A is a qualifying [^{F5}75%] subsidiary of a company, subsection (3) is to be read as if references to that company were substituted for references to A.
- (5) A company (“F”) is a principal company of A if, in a case where E is a qualifying 75% subsidiary of F but F is not a qualifying 75% subsidiary of another company—
- (a) A is owned by a consortium of which E is a member, or
 - (b) A is a qualifying [^{F6}75%] subsidiary of a company owned by a consortium of which E is a member.
- (6) There is a relevant change in the relationship between A and F (as a principal company) on any day if—
- (a) the ownership proportion at the end of the day is less than the ownership proportion at the start of the day, or
 - (b) E ceases to be a qualifying 75% subsidiary of F on that day.
- (7) If F is a qualifying 75% subsidiary of another company (“G”), G is a principal company of A unless G is a qualifying 75% subsidiary of another company, and so on.
- (8) Accordingly, there is a relevant change in the relationship between A and a principal company of A on any day if—
- (a) in determining which company is a principal company, regard is had to any company which is a qualifying 75% subsidiary of another, and
 - (b) that company ceases to be a qualifying 75% subsidiary of the other on that day, (as well as if the ownership proportion at the end of the day is less than the ownership proportion at the start of the day).
- (9) This section is supplemented by—
- (a) section 397 (companies owned by consortiums and members of consortiums), and
 - (b) section 398 (“qualifying 75% ^{F7}... subsidiary” etc).

Textual Amendments

- F4** Figure in s. 394(1)(b) substituted (with effect in accordance with s. 29(8) of the amending Act) by [Finance Act 2010 \(c. 13\), s. 29\(3\)\(a\)](#)
- F5** Figure in s. 394(4) substituted (with effect in accordance with s. 29(8) of the amending Act) by [Finance Act 2010 \(c. 13\), s. 29\(3\)\(a\)](#)
- F6** Figure in s. 394(5)(b) substituted (with effect in accordance with s. 29(8) of the amending Act) by [Finance Act 2010 \(c. 13\), s. 29\(3\)\(a\)](#)
- F7** Words in s. 394(9)(b) omitted (with effect in accordance with s. 29(8) of the amending Act) by virtue of [Finance Act 2010 \(c. 13\), s. 29\(3\)\(b\)](#)

[^{F8}394ZA] Company joining tonnage tax group

There is a relevant change in the relationship between A and a principal company of A on any day if—

- (a) on that day A becomes a member of a tonnage tax group for the purposes of Schedule 22 to FA 2000 without entering tonnage tax on that day, or
- (b) the day ends immediately before the day on which, for the purposes of that Schedule, A both becomes a member of a tonnage tax group and enters tonnage tax.]

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Textual Amendments

- F8** [S. 394ZA](#) inserted (with effect in accordance with s. 24(10) of the amending Act) by [Finance Act 2012](#) (c. 14), [s. 24\(4\)](#)

Changes to legislation:

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

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

- s. 357CHA omitted by [2024 c. 3 Sch. 2 para. 14\(7\)](#)
- s. 658(1)(d)(e) inserted by [2010 c. 13 Sch. 6 para. 31](#) (This amendment not applied to [legislation.gov.uk](#). Sch. 6 para. 31 omitted (retrospective to 6.4.2010) by virtue of Finance Act 2012 (c. 14), s. 52(2) (3))