



Corporation Tax Act 2010

2010 CHAPTER 4

PART 5

GROUP RELIEF

CHAPTER 6

EQUITY HOLDERS AND PROFITS OR ASSETS AVAILABLE FOR DISTRIBUTION

Company's entitlement to profits or assets available for distribution: basic provisions

166 Proportion of assets available for distribution to which company is entitled

- (1) This section applies for the purpose of determining the proportion to which a company (“company A”) would, at any time, be beneficially entitled of any assets available for distribution to the equity holders of another company (“company B”) on a winding up.
- (2) The proportion is the proportion to which company A would, at that time, be beneficially entitled if company B were to be wound up and on that winding up (“the notional winding up”) the value of assets available for distribution to company B's equity holders were equal to—
 - (a) the assets amount minus the liabilities amount, or
 - (b) if the assets amount does not exceed the liabilities amount or if company B's balance sheet is prepared to a date other than the end of the relevant accounting period (see section 168), £100.
- (3) The “assets amount” is the amount of company B's assets as shown in its balance sheet as at the end of the relevant accounting period.
- (4) The “liabilities amount” is the amount of company B's liabilities as shown in that balance sheet but excluding liabilities to equity holders as such.
- (5) If, on the notional winding up, an equity holder would be entitled as such to an amount of assets which (apart from this subsection) would not be a distribution of assets, the

Status: Point in time view as at 17/07/2014. This version of this provision has been superseded.

Changes to legislation: Corporation Tax Act 2010, Section 166 is up to date with all changes known to be in force on or before 25 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)

equity holder is nevertheless treated as entitled to the amount on the distribution of assets on the notional winding up.

(6) Subsection (7) applies if—

- (a) an equity holder (“E”) of company B provided new consideration for any shares or securities in company B in relation to which E is an equity holder,
- (b) company B makes a loan to E or any person connected with E or acquires shares or securities in E or any person so connected, and
- (c) in making that loan or acquiring those shares or securities, company B applies, directly or indirectly, an amount (“the returned amount”) corresponding to the whole or any part of the new consideration.

(7) The following amounts are to be reduced by the returned amount—

- (a) the assets amount, and
- (b) the amount of assets to which E is beneficially entitled on the notional winding up.

Modifications etc. (not altering text)

- C1** Pt. 5 Ch. 6 applied by 1992 c. 12, s. 236T(2) (as inserted (with effect in accordance with Sch. 37 paras. 2, 3 of the amending Act) by Finance Act 2014 (c. 26), Sch. 37 para. 1)
- C2** Pt. 5 Ch. 6 applied by 2007 c. 3, s. 257MV(8) (as inserted (17.7.2014) by Finance Act 2014 (c. 26), Sch. 11 para. 1)
- C3** Pt. 5 Ch. 6 applied by 2010 c. 8, s. 345(7)-(10) (as substituted (with effect in accordance with s. 39(4) of the amending Act) by Finance Act 2014 (c. 26), s. 39(2))
- C4** S. 166 modified by 2007 c. 3, s. 257MV(9) (as inserted (17.7.2014) by Finance Act 2014 (c. 26), Sch. 11 para. 1)

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