Corporation Tax Act 2010

2010 CHAPTER 4

PART 4

LOSS RELIEF

CHAPTER 5

LOSSES ON DISPOSAL OF SHARES

Shares: subscription and disposal

75   Limits on relief

(1) Subsection (2) applies if—
    (a) a company disposes of any shares for which it has subscribed in a qualifying trading company ("qualifying shares"),
    (b) those shares either—
        (i) form part of a section 104 holding or a 1982 holding at the time of the disposal, or
        (ii) formed part of such a holding at an earlier time, and
    (c) the company makes a claim under section 70 in respect of a loss incurred on the disposal.

(2) The amount of share loss relief on the disposal is not to exceed the sums that would be allowed as deductions in calculating the amount of the loss if the qualifying shares had not formed part of the holding.

(3) Subsection (4) applies if—
    (a) a company disposes of any qualifying shares,
    (b) the qualifying shares, and other shares that are not capable of being qualifying shares, are for the purposes of TCGA 1992 to be treated as acquired by a

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single transaction by virtue of section 105(1)(a) of that Act (disposal of shares acquired on same day etc), and

(c)   the company makes a claim under section 70 in respect of a loss incurred on the disposal.

(4)   The amount of share loss relief on the disposal is not to exceed the sums that would be allowed as deductions in calculating the amount of the loss if—

(a)   the qualifying shares were to be treated as acquired by a single transaction, and

(b)   the other shares were not to be so treated.

(5)   Subsection (6) applies if—

(a)   a company ("the investor") disposes of any qualifying shares,

(b)   the qualifying shares (taken as a single asset), and other shares in the same company that are not capable of being qualifying shares (taken as a single asset), are for the purposes of TCGA 1992 to be treated as the same asset by virtue of section 127 of that Act (reorganisation etc treated as not involving disposal), and

(c)   the investor makes a claim under section 70 in respect of a loss incurred on the disposal.

References in this subsection and subsection (6) to other shares in the same company include debentures of the same company.

(6)   The amount of share loss relief on the disposal is not to exceed the sums that would be allowed as deductions in calculating the amount of the loss if the qualifying shares and the other shares in the same company were not to be treated as the same asset.

(7)   In this section—

"section 104 holding" has the meaning given by section 104(3) of TCGA 1992, and

"1982 holding" has the meaning given by section 109(1) of that Act.

(8)   For the purposes of this section and section 76, shares are not capable of being qualifying shares at any time if—

(a)   the company concerned acquired the shares otherwise than by subscription,

(b)   condition C in section 78(4) was not met in relation to the issue of the shares, or

(c)   condition D in section 78(5) would not be met if the shares were disposed of at that time.

(9)   For the purposes of subsection (5), shares are not capable of being qualifying shares at any time if they are shares of a different class from the shares mentioned in paragraph (a) of that subsection.

Status:
Point in time view as at 17/07/2012. This version of this provision has been superseded.

Changes to legislation:
Corporation Tax Act 2010, Section 75 is up to date with all changes known to be in force on or before 20 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.