

## SCHEDULES

### SCHEDULE 2

Section 10

#### TAXATION PROVISIONS RELATING TO RE-STRUCTURING ETC

##### *Transfer of securities of subsidiaries of original holding company to Crown etc*

- 1 (1) This paragraph applies where—
  - (a) there is a disposal of securities of a subsidiary of the original holding company to the Secretary of State or the Treasury (or a nominee of either of them) or to a company wholly owned by the Crown, and
  - (b) immediately before the disposal, the subsidiary was wholly owned by the original holding company.
- (2) For the purposes of the Taxation of Chargeable Gains Act 1992 the disposal is to be treated in relation to—
  - (a) the person making the disposal, and
  - (b) the person to whom the disposal is made,as made for a consideration such that no gain or loss accrues to the person making the disposal.
- (3) The degrouping provisions are not to apply by reason of the disposal or any agreement to make the disposal (if they otherwise would).
- (4) In this Schedule a “degrouping provision” means—
  - (a) section 179 of the Taxation of Chargeable Gains Act 1992 (company ceasing to be member of group), or
  - (b) paragraph 3 of Schedule 7 to the Finance Act 2003 (withdrawal of SDLT group relief).
- (5) Stamp duty is not chargeable on the instrument effecting the disposal.
- (6) This paragraph applies whether or not the disposal is made by or under a transfer scheme under section 8.
- 2 (1) This paragraph applies where—
  - (a) paragraph 1(3) has applied at any time in relation to a disposal or an agreement to make a disposal,
  - (b) there is a subsequent disposal of securities of the subsidiary in relation to which paragraph 1(3) does not apply, and
  - (c) immediately before the subsequent disposal or the making of an agreement to make it, the subsidiary was a member of a new group.
- (2) For the purposes of the application of a degrouping provision in the case of that disposal or agreement—
  - (a) the company from which the subsidiary acquired relevant assets or chargeable interests is to be treated as if it had been a member of the new

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- group at the time the relevant assets or chargeable interests were acquired, and
- (b) that company is to be treated as if it were a member of the new group immediately before the disposal or the making of the agreement mentioned in sub-paragraph (1)(c).
- (3) “Relevant assets or chargeable interests” means assets or chargeable interests in relation to which, but for paragraph 1(3), the degrouping provision in question would have applied by reason of the disposal or agreement mentioned in sub-paragraph (1)(a).
- (4) In this paragraph—
- (a) references to a group have the same meaning as in the degrouping provision in question, and
- (b) references to a new group are to a group other than a group of which the subsidiary was a member immediately before the making of a disposal or an agreement in relation to which paragraph 1(3) applied.

*Transfers of property, rights and liabilities by transfer schemes*

- 3 In paragraphs 4 to 6—
- a “relevant transfer” means a transfer of any property, rights or liabilities by or under a transfer scheme under section 8, and
- “transferor” and “transferee” have the same meaning as in Schedule 1.
- 4 For the purposes of the Taxation of Chargeable Gains Act 1992 a disposal constituted by a relevant transfer is to be treated in relation to the transferor and transferee as made for a consideration such that no gain or loss accrues to the transferor.
- 5 For the purposes of Chapter 4 of Part 5 of the Corporation Tax Act 2009 (loan relationships: continuity of treatment on transfers within groups or on reorganisations) the transferor and transferee are to be treated in relation to a relevant transfer as if, for the purposes of the transfer, they were members of the same group.
- 6 (1) For the purposes of Part 8 of the Corporation Tax Act 2009 (intangible fixed assets) a relevant transfer of a chargeable intangible asset is to be treated as tax-neutral.
- (2) Part 4 of the Taxation (International and Other Provisions) Act 2010 (transfer pricing) does not apply in relation to a transfer to which sub-paragraph (1) applies.
- (3) For the purposes of section 882 of the Corporation Tax Act 2009 (application of Part 8 to assets created or acquired on or after 1 April 2002) assets acquired by a transferee on a relevant transfer are to be treated as if they were acquired from a person who at the time of the acquisition was a related party.

*Transfers of securities of original holding company or its subsidiaries*

- 7 (1) This paragraph applies where—
- (a) there is a disposal of securities of the original holding company or any of its subsidiaries, and
- (b) immediately before the disposal, the original holding company or (as the case may be) the subsidiary was a 51% subsidiary of the Crown.
- (2) The degrouping provisions are not to apply by reason of the disposal or any agreement to make the disposal (if they otherwise would).

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- (3) For the purposes of this paragraph “51% subsidiary” has the same meaning as it has for the purposes of the Corporation Tax Acts (see Chapter 3 of Part 24 of the Corporation Tax Act 2010), but—
- (a) the Crown is to be treated as a body corporate, and
  - (b) for the purpose of determining beneficial ownership the making of an agreement to make the disposal is to be ignored.
- 8 (1) This paragraph applies where—
- (a) paragraph 7 has applied at any time in relation to a disposal or an agreement to make a disposal,
  - (b) there is a subsequent disposal of securities of the original holding company or any of its subsidiaries in relation to which paragraph 7 does not apply, and
  - (c) immediately before the subsequent disposal or the making of an agreement to make it, the original holding company or (as the case may be) the subsidiary was a member of a new group.
- (2) For the purposes of the application of a degrouping provision in the case of that disposal or agreement—
- (a) the company from which the original holding company or (as the case may be) the subsidiary acquired relevant assets or chargeable interests is to be treated as if it had been a member of the new group at the time the relevant assets or chargeable interests were acquired, and
  - (b) that company is to be treated as if it were a member of the new group immediately before the disposal or the making of the agreement mentioned in sub-paragraph (1)(c).
- (3) “Relevant assets or chargeable interests” means assets or chargeable interests in relation to which, but for paragraph 7, the degrouping provision in question would have applied by reason of the disposal or agreement mentioned in sub-paragraph (1)(a).
- (4) In this paragraph—
- (a) references to a group have the same meaning as in the degrouping provision in question, and
  - (b) references to a new group are to a group other than a group of which the original holding company or (as the case may be) the subsidiary was a member immediately before the making of a disposal or an agreement in relation to which paragraph 7 applied.