

SCHEDULES

SCHEDULE 3

ENTREPRENEURS’ RELIEF

PART 1

REDUCTION IN LIFETIME LIMIT

Anti-forestalling: exchanges of securities etc

- 5 (1) This paragraph applies where—
- (a) on or after 6 April 2019 but before 11 March 2020, there is an exchange of shares or securities within section 135(1) of TCGA 1992, and
 - (b) the condition in sub-paragraph (2) or (3) is met.
- (2) The condition in this sub-paragraph is that—
- (a) the persons who hold shares or securities in company B immediately after the exchange are substantially the same as those who held shares or securities in company A immediately before the exchange, or
 - (b) the persons who have control of company B immediately after the exchange are substantially the same as those who had control of company A immediately before the exchange.
- (3) The condition in this sub-paragraph is that—
- (a) the relevant shareholders, taken together, hold a greater percentage of the ordinary share capital in company B immediately after the exchange than they held in company A immediately before the exchange, and
 - (b) on 11 March 2020—
 - (i) company B is the relevant individual’s personal company and is either a trading company or the holding company of a trading group, and
 - (ii) the relevant individual is an officer or employee of company B or (if company B is a member of a trading group) of one or more companies which are members of the trading group.
- (4) In sub-paragraph (3)—
- “the relevant individual” means—
 - (a) where a claim under section 169M of TCGA 1992 is made jointly by the trustees of a settlement and a qualifying beneficiary, the qualifying beneficiary;
 - (b) where a claim under that section is made by an individual, the individual;
 - “the relevant shareholders” means the persons who—

Status: This is the original version (as it was originally enacted).

- (a) immediately after the exchange, hold shares or securities in company B, and
 - (b) immediately before the exchange, also held shares or securities in company A.
- (5) For the purposes of sub-paragraph (2)(a), connected persons are to be treated as the same person.
- (6) Where an election in respect of the exchange is made under section 169Q of TCGA 1992 (reorganisations: disapplication of section 127) on or after 11 March 2020, the disposal of the original shares is to be treated for the purposes of paragraph 2 as taking place at the time of the election and not at the time of the exchange.
- (7) Where, before the exchange, the Commissioners for Her Majesty's Revenue and Customs have issued a notification in respect of it under section 138(1) of TCGA 1992 (advance clearance procedure)—
 - (a) sections 127 to 131 of that Act apply with the necessary adaptations as if—
 - (i) company A and company B were the same company, and
 - (ii) the exchange were a reorganisation;
 - (b) section 169Q of that Act applies as if the exchange were treated as a reorganisation by virtue of section 135 of that Act.