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STATUTORY INSTRUMENTS

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**2007 No. 3186**

**CORPORATION TAX**

**The Corporation Tax (Implementation of  
the Mergers Directive) Regulations 2007**

*Made* - - - - 8th November 2007  
*Laid before the House of*  
*Commons* - - 8th November 2007  
*Coming into force* 29th November 2007

**THE CORPORATION TAX (IMPLEMENTATION OF  
THE MERGERS DIRECTIVE) REGULATIONS 2007**

1. Citation, commencement and effect
  2. Interpretation
  3. Amendments of primary legislation
- Signature

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SCHEDULE 1 — CROSS-BORDER TRANSFERS OF BUSINESS

PART 1 — AMENDMENTS OF TCGA 1992

1. TCGA 1992 is amended as follows.
2. Division of UK business
3. In section 140B (section 140A: anti-avoidance)— (a) for “company A”...
4. Division of non-UK business
5. In section 140D (section 140C: anti-avoidance)— (a) for “company A”...
6. Treatment of securities issued on transfer of assets
7. Held over gains
8. After section 154(2C) (new assets which are depreciating assets) (inserted...
9. After section 179(1A) (company ceasing to be member of group:...
10. Loan relationships

PART 2 — AMENDMENTS OF ICTA

11. ICTA is amended as follows.
12. Exempt distributions
13. After section 213 (exempt distributions) insert— Exempt distributions:  
division of...
14. In section 218(1) (interpretation of sections 213 to 217)—

*Status: This is the original version (as it was originally made).*

PART 3 — AMENDMENTS OF FA 1996

15. Schedule 9 to FA 1996 (loan relationships: special computational provisions)...
16. Loan relationships
17. In paragraph 12A (transferee leaving group)— (a) after sub-paragraph (5)...

PART 4 — AMENDMENTS OF FA 2002

18. FA 2002 is amended as follows.
19. Derivative contracts
20. (1) Paragraph 30A of Schedule 26 (transferee leaving group) is...
21. Intangible fixed assets
22. (1) Paragraph 87 of Schedule 29 (transfer of non-UK trade)...
23. After paragraph 58(5) of Schedule 29 insert—
24. In paragraph 127 (certain assets to be treated as existing)...

PART 5 — AMENDMENT OF CAA 2001

25. Capital allowances

SCHEDULE 2 — EUROPEAN CROSS-BORDER MERGERS

PART 1 — AMENDMENTS OF TCGA 1992

1. TCGA 1992 is amended as follows.
2. For sections 140E (merger leaving assets in the UK tax)...
3. In section 24(1) (destruction &c. of asset) for “section 144”...
4. After section 122(1) (capital distributions) insert— (1A) Subsection (1) is...
5. Held over gains
6. For section 154(2A) and (2B) (new assets which are depreciating)...
7. For section 179(1B) and (1C) (de-grouping charge) substitute—

PART 2 — AMENDMENTS OF FA 1996

8. Loan relationships
9. FA 2002 is amended as follows.
10. Derivative contracts
11. Intangible assets
12. For paragraph 87A of Schedule 29 (SEs: transfer of non-UK)...
13. In paragraph 88(1) and (5) of Schedule 29 (procedure on)...

PART 4 — AMENDMENTS OF CAA 2001, FA 1988 AND ICTA

14. Capital allowances
15. Residence of SCE
16. Tax treatment of SCE

SCHEDULE 3 — MERGERS, &C.: TREATMENT OF TRANSPARENT ENTITIES

PART 1 — AMENDMENT OF TCGA 1992

1. Chargeable gains

PART 2 — AMENDMENT OF FA 1996

2. Loan relationships

PART 3 — AMENDMENTS OF FA 2002

3. Derivative contracts
4. After paragraph 30F of Schedule 26 (European cross-border mergers) (inserted)...
5. Intangible assets

Explanatory Note