

## SCHEDULE 16

### GROUP RELIEF

#### PART 2

#### THE RELIEF

##### *Group relief: interpretation*

- 3 (1) The following provisions apply for the purposes of group relief.
- (2) “Company” means a body corporate.
- (3) Companies are members of the same group if one is the 75% subsidiary of the other or both are 75% subsidiaries of a third company.
- (4) A company (“company A”) is the 75% subsidiary of another company (“company B”) if company B—
- (a) is beneficial owner of not less than 75% of the ordinary share capital of company A,
  - (b) is beneficially entitled to not less than 75% of any profits available for distribution to equity holders of company A, and
  - (c) would be beneficially entitled to not less than 75% of any assets of company A available for distribution to its equity holders on a winding-up.
- (5) For the purposes of sub-paragraph (4)(a)—
- (a) the ownership referred to is ownership either directly or through another company or companies, and
  - (b) the amount of ordinary share capital of company A owned by company B through another company or companies is to be determined in accordance with sections 1155 to 1157 of the [Corporation Tax Act 2010 \(c. 4\)](#).
- (6) In sub-paragraphs (4)(a) and (5)(b), “ordinary share capital”, in relation to a company, means all the issued share capital (by whatever name called) of the company, other than capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the company.
- (7) Chapter 6 of Part 5 of the [Corporation Tax Act 2010 \(c. 4\)](#) (group relief: equity holders and profits or assets available for distribution) applies for the purposes of sub-paragraph (4)(b) and (c) as it applies for the purposes of section 151(4)(a) and (b) of that Act.
- (8) But sections 171(1)(b) and (3), 173, 174 and 176 to 178 of that Act are to be treated as omitted for the purposes of sub-paragraph (4)(b) and (c).