

## SCHEDULE 17

### RECONSTRUCTION AND ACQUISITION RELIEFS

#### PART 4

#### WITHDRAWAL OF RECONSTRUCTION OR ACQUISITION RELIEF

##### *Withdrawal of reconstruction or acquisition relief*

- 5 (1) Where sub-paragraph (2) applies, reconstruction or acquisition relief in relation to a relieved transaction, or an appropriate proportion of it, is withdrawn and tax is chargeable in accordance with this paragraph.
- (2) This sub-paragraph applies where—
- (a) control of the acquiring company changes—
    - (i) before the end of the period of 3 years beginning with the effective date of the transaction, or
    - (ii) in pursuance of, or in connection with, arrangements made before the end of that period, and
  - (b) at the time control of the acquiring company changes (“the relevant time”), it or a relevant associated company holds a chargeable interest—
    - (i) that was acquired by the acquiring company under the relieved transaction, or
    - (ii) that is derived from an interest so acquired,and that has not subsequently been acquired at market value under a chargeable transaction in relation to which reconstruction or acquisition relief was available but was not claimed.
- (3) The amount chargeable is the tax that would have been chargeable in respect of the relieved transaction but for reconstruction or acquisition relief if the chargeable consideration for that transaction had been an amount equal to—
- (a) the market value of the subject-matter of the transaction, and
  - (b) if the acquisition was the grant of a lease at a rent, that rent,
- or, as the case may be, an appropriate proportion of the tax that would have been so chargeable.
- (4) In sub-paragraphs (1) and (3), “an appropriate proportion” means an appropriate proportion having regard to the subject-matter of the relieved transaction and what is held at the relevant time by the acquiring company or, as the case may be, by that company and any relevant associated companies.
- (5) In this paragraph, “relevant associated company”, in relation to the acquiring company, means a company—
- (a) that is controlled by the acquiring company immediately before the control of that company changes, and
  - (b) of which control changes in consequence of the change of control of that company.
- (6) In this paragraph—

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*Status: This is the original version (as it was originally enacted).*

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- (a) “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable;
  - (b) “control” is to be construed in accordance with sections 450 and 451 of the [Corporation Tax Act 2010 \(c. 4\)](#);
  - (c) references to control of a company changing are to the company becoming controlled—
    - (i) by a different person,
    - (ii) by a different number of persons, or
    - (iii) by two or more persons at least one of whom is not the person, or one of the persons, by whom the company was previously controlled.
- (7) This paragraph has effect subject to paragraph 6 (cases in which reconstruction or acquisition relief not withdrawn).