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*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Paragraph 471. (See end of Document for details)*

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## SCHEDULES

### SCHEDULE 1

#### MINOR AND CONSEQUENTIAL AMENDMENTS

#### PART 2

#### OTHER ENACTMENTS

##### *Income Tax (Trading and Other Income) Act 2005*

- 471 (1) Amend Schedule 2 (transitionals and savings) as follows.
- (2) In paragraph 40(2)—
- (a) in the definition of “associate” for “section 417(3) and (4) of ICTA” substitute “ section 448 of CTA 2010 ”, and
  - (b) in the definition of “associated company”—
    - (i) for “section 416(1) of that Act” substitute “ section 449 of that Act ”, and
    - (ii) for “subsections (2) to (6) of that section” substitute “ sections 450 and 451 of that Act ”.
- (3) After paragraph 78 insert—

##### *“Stock dividends issued in respect of shares issued before 6 April 1975*

- 78A(1) This paragraph applies if—
- (a) share capital is issued by a UK resident company in respect of shares in the company issued before 6 April 1975 (“the old shares”),
  - (b) the old shares confer on the holder a right to convert them into, or exchange them for, shares of a different class, and
  - (c) as a result of the issue of the share capital, income would (apart from this paragraph) be treated as arising under section 410(2), (3) or (4) (stock dividend income).
- (2) Section 410 does not apply to the protected part of any bonus share capital issued by the company in connection with an exercise of that right.
- (3) For the purposes of sub-paragraph (2), the protected part of the bonus share capital is however much of it (if any) would have been issued if the right had been exercised so as to bring about the conversion or exchange of the shares on the earliest possible date after 5 April 1975.
- (4) In this paragraph “share” includes stock, and any other interest of a member in a company

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- (5) Section 1113 of CTA 2010 (meaning of “in respect of shares”) applies in relation to this paragraph as it applies in relation to Part 23 of CTA 2010.”
- (4) In paragraph 131(2)—
- (a) in the definition of “associate” for “section 417(3) and (4) of ICTA” substitute “ section 448 of CTA 2010 ”, and
  - (b) in the definition of “associated company”—
    - (i) for “section 416(1) of that Act” substitute “ section 449 of that Act ”, and
    - (ii) for “subsections (2) to (6) of that section” substitute “ sections 450 and 451 of that Act ”.

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