



# Capital Gains Tax Act 1979 (repealed 6.3.1992)

## 1979 CHAPTER 14

### PART IV

#### SHARES AND SECURITIES

#### CHAPTER I

#### GENERAL

#### 64 Interpretation.

- (1) In this Act, unless the context otherwise requires—
- “gilt-edged securities” has the meaning given by Schedule 2 to this Act,
  - <sup>[F1]</sup>“qualifying corporate bonds” has the meaning given by section 64 of the Finance Act 1984],
  - “shares” includes stock,
  - “class”, in relation to shares or securities, means a class of shares or securities of any one company.
- (2) For the purposes of this Act shares or debentures comprised in any letter of allotment or similar instrument shall be treated as issued unless the right to the shares or debentures thereby conferred remains provisional until accepted, and there has been no acceptance.

#### Textual Amendments

**F1** Definition inserted by [Finance Act 1984 \(c. 43, SIF 63:2\)](#), s. **64(1)** and Sch. 13 para. 1

*Status: Point in time view as at 01/02/1991.*

*Changes to legislation: There are currently no known outstanding effects for the Capital Gains Tax Act 1979 (repealed 6.3.1992), Part IV. (See end of Document for details)*

### *Rules of identification*

#### **65 Pooling.**

- (1) This section has effect subject to—
  - (a) section 66 below, and
  - (b) paragraphs 3 and 13(2) of Schedule 5 to this Act, [F<sup>2</sup>and this section shall not apply to gilt-edged securities].
- (2) Any number of securities of the same class held by one person in one capacity shall for the purposes of this Act be regarded as indistinguishable parts of a single asset (in this section referred to as a holding) growing or diminishing on the occasions on which additional securities of the class in question are acquired, or some of the securities of the class in question are disposed of.
- (3) Without prejudice to the generality of subsection (2) above, a disposal of securities in a holding, other than the disposal outright of the entire holding, is a disposal of part of an asset and the provisions of this Act relating to the computation of a gain accruing on a disposal of part of an asset shall apply accordingly.
- (4) Shares, or securities of a company, shall not be treated for the purposes of this section as being of the same class unless they are so treated by the practice of a recognised stock exchange in the United Kingdom or elsewhere or would be so treated if dealt with on such a stock exchange, but shall be treated in accordance with this section notwithstanding that they are identified in some other way by the disposal or by the transfer or delivery giving effect to it.
- (5) This section shall apply separately in relation to any securities held by a person to whom they were issued as an employee of the company or of any other person on terms which restrict his rights to dispose of them, so long as those terms are in force, and, while applying separately to any such securities, shall have effect as if the owner held them in a capacity other than that in which he holds any other securities of the same class.
- (6) Nothing in this section shall be taken as affecting the manner in which the market value of any asset is to be ascertained.
- (7) In this section “securities” means—
  - (a) shares, or securities of a company, and
  - (b) [F<sup>2</sup>subject to the exclusion of gilt-edged securities in subsection (1) above], any other assets where they are of a nature to be dealt in without identifying the particular assets disposed of or acquired.

#### **Textual Amendments**

- F2** Words repealed by [Finance Act 1985 \(c. 54\), s. 98\(6\)](#) and Sch. 27 Part VII with respect to disposals on or after 2 July 1986

#### **Modifications etc. (not altering text)**

- C1** See also— [Finance Act 1982 \(c. 39, SIF 63:2\), s. 88\(1\)](#); [Finance Act 1985 \(c. 54\), s. 68\(3\)\(c\)](#) and Sch. 19 para. 17(1)

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## 66 Disposal on or before day of acquisition.

- (1) The following provisions shall apply where securities of the same kind are acquired or disposed of by the same person on the same day and in the same capacity—
  - (a) all the securities so acquired shall be treated as acquired by a single transaction and all the securities so disposed of shall be treated as disposed of by a single transaction, and
  - (b) all the securities so acquired shall, so far as their quantity does not exceed that of the securities so disposed of, be identified with those securities.
- (2) Where the quantity of the securities so disposed of exceeds the quantity of the securities so acquired, then so far as the excess—
  - (a) is not required by paragraph 2(2), 3(3) or 13(3) of Schedule 5 to this Act to be identified with securities held on or acquired before 6th April 1965, and
  - (b) cannot be treated under section 65 above as diminishing a holding, it shall be treated as diminishing a quantity subsequently acquired, and a quantity so acquired at an earlier date, rather than one so acquired at a later date.
- (3) Shares shall not be treated for the purposes of this section as being of the same kind unless they are treated as being of the same class by the practice of a recognised stock exchange in the United Kingdom or elsewhere or would be so treated if dealt with on such a stock exchange.
- (4) In this section “securities” includes shares and any assets dealt with without identifying the particular assets disposed of or acquired, [<sup>F3</sup>and in the case of gilt-edged securities subsection (2) above has effect subject to section 68 below].

### Textual Amendments

- F3** Words repealed by [Finance Act 1985 \(c. 54\)](#), [ss. 67\(1\), 98\(6\)](#) and Sch. 27 Part VII with respect to disposals on or after 2 July 1986

### Modifications etc. (not altering text)

- C2** See [Finance Act 1985 \(c. 54\)](#), [s. 68\(3\)\(e\)](#) and Sch. 19 para. 17(2)
- C3** See [Finance Act 1982 \(c. 39\)](#), [SIF 63:2](#), [s. 88\(1\)](#)
- C4** [S. 66](#) modified by [Income and Corporation Taxes Act 1988 \(c. 1\)](#), [SIF 63:1](#), [s. 440A\(5\)](#) (as substituted by [Finance Act 1990 \(c. 29\)](#), [SIF 63:1](#), [s. 41](#), [Sch. 6 para. 8](#))
- C5** See [Finance Act 1985 \(c. 54\)](#), [s. 68\(3\)\(e\)](#) and Sch. 19 para. 18

### *Gilt-edged securities*

#### [<sup>F4</sup>67 Exemptions for gilt-edged securities and qualifying corporate bonds etc.

- (1) A gain which accrues on the disposal by any person of—
  - (a) gilt-edged securities or qualifying corporate bonds, or
  - (b) any option or contract to acquire or dispose of gilt-edged securities or qualifying corporate bonds,
 shall not be a chargeable gain.

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- (2) In subsection (1) above the reference to the disposal of a contract to acquire or dispose of gilt-edged securities or qualifying corporate bonds is a reference to the disposal of the outstanding obligations under such a contract.
- (3) Without prejudice to section 72(3) of the Finance Act 1985 (closing out of certain futures contracts dealt in on a recognised futures exchange), where a person who has entered into any such contract as is referred to in subsection (1)(b) above closes out that contract by entering into another contract with obligations which are reciprocal to those of the first-mentioned contract, that transaction shall for the purposes of this section constitute the disposal of an asset, namely, his outstanding obligations under the first-mentioned contract.]

#### Textual Amendments

**F4** S. 67 substituted by Finance Act 1986 (c. 41), s. 59 with respect to disposals occurring on or after 2 July 1986

#### Modifications etc. (not altering text)

**C6** See Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 484(5)

### [<sup>F5</sup>68 Identification (general).

- (1) The following provisions shall apply, for the purpose of identifying gilt-edged securities disposed of by any person with securities of the same kind acquired by him in the same capacity.
- (2) Securities disposed of at an earlier date shall be identified before securities disposed of at a later date, and their identification shall have effect also for determining what securities might be comprised in the later disposal.
- (3) Securities disposed of shall be identified with securities acquired within the twelve months preceding the disposal rather than with securities not so acquired, and with securities so acquired at an earlier date rather than with securities so acquired at a later date.
- (4) This section has effect subject to section 66(1) above, and 69 below.]

#### Textual Amendments

**F5** Ss. 68–70 repealed by Finance Act 1985 (c. 54), s. 98(6) and Sch. 27 Part VII with respect to disposals on or after 2 July 1986

#### Modifications etc. (not altering text)

**C7** See Finance Act 1982 (c. 39, SIF 63:2), s. 58(6) in relation to certain index-linked Treasury Stock

**C8** See Finance Act 1982 (c. 39, SIF 63:2), s. 88(1)(b)

### [<sup>F6</sup>69 Identification: disposal to husband or wife and third person.

- (1) Where, in the case of a man and his wife living with him, one of them—
- (a) disposes of gilt-edged securities of any kind to the other, and
  - (b) disposes of gilt-edged securities of the same kind to a third person,

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then, if under the preceding provisions of this Chapter any of the securities disposed of to the husband or wife would be identified with securities acquired within the twelve months preceding the disposal and any of the securities disposed of to the third person with securities not so acquired, the securities disposed of to the third person shall be identified with securities so acquired before any securities disposed of to the husband or wife are so identified.

- (2) If there is more than one disposal to the wife or husband, or to a third party, the provisions of this section shall be applied to securities disposed of at an earlier date before they are applied to securities disposed of at a later date, and the identification of the securities disposed of at the earlier date shall have effect also for determining what securities might be comprised in the later disposal.]

#### Textual Amendments

- F6** Ss. 68–70 repealed by Finance Act 1985 (c. 54), s. 98(6) and Sch. 27 Part VII with respect to disposals on or after 2 July 1986

#### [<sup>F7</sup>70] Re-acquisition after sale at a loss.

- (1) Where a loss accrues to a person on the disposal of gilt-edged securities [<sup>F8</sup>or, subject to subsection (1A) below, qualifying corporate bonds] and he re-acquires the same securities within the prescribed period after the disposal that loss shall not be deductible except from a chargeable gain accruing to him on the disposal of the securities re-acquired.

[ This section does not apply in relation to a disposal of qualifying corporate bonds if <sup>F9</sup>(1A) the disposal is such that section 58 of the Finance (No. 2) Act 1975 applies but, subject to that, any reference in the following provisions of this section to gilt-edged securities includes a reference to qualifying corporate bonds.]

- (2) Where a person disposes of gilt-edged securities and acquires gilt-edged securities of the same kind within the prescribed period after the disposal he shall be treated for the purposes of subsection (1) above as re-acquiring the securities disposed of (or such quantity of them as does not exceed the quantity acquired) but so that—
- (a) there cannot be in relation to the same disposal more than one re-acquisition of the same security, nor can there be by the same acquisition of a security a re-acquisition in relation to more than one disposal, and
  - (b) if an acquisition could be treated as a re-acquisition of securities disposed of either at an earlier or at a later date it shall be treated as a re-acquisition of the securities disposed of at the earlier date, and
  - (c) if securities disposed of by the same disposal could be treated as re-acquired at an earlier or at a later date they shall be treated as re-acquired at the earlier date.
- (3) Where a person who holds gilt-edged securities (the “original holding”) acquires securities of the same kind (an “additional holding”) and within the prescribed period after the acquisition disposes of securities of that kind, he shall be treated for the purposes of subsection (1) above as if he had within the prescribed period after the disposal re-acquired the securities disposed of or such quantity of them as does not exceed the original holding or the additional holding, whichever is the less.

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Paragraphs (a), (b) and (c) of subsection (2) above shall have effect in relation to the acquisition of the additional holding as if it were a re-acquisition of the securities disposed of.

- (4) In the case of a man and his wife living with him—
- (a) the preceding provisions of this section shall, with the necessary modifications, apply also where a loss on the disposal accrues to one of them and the acquisition after the disposal is made by the other,
  - (b) paragraph (a) above shall have effect in relation to subsection (3) above as if the acquisition of the additional holding were an acquisition after the disposal.
- (5) In the case of companies in the same group subsections (1), (2) and (3) above shall, with the necessary modifications, apply also where a loss on the disposal accrues to one of them and the acquisition is made by the other.
- (6) In this section references to the acquisition of securities shall not include references—
- (a) to acquisition as trading stock, or
  - (b) in the case of a company which is a member of a group, to acquisition from another company which is a member of that group throughout the prescribed period before and after the disposal.
- (7) In this section—
- “group” has the meaning given in section 272 of the Taxes Act;
- “the prescribed period” means—
- (a) in the case of an acquisition through a stock exchange, one month;
  - (b) in the case of an acquisition otherwise than as aforesaid, six months;
- “trading stock”, in relation to a company carrying on life assurance business as defined in section 323 of the Taxes Act, does not include investments held in connection with that business except in so far as they are referable to general annuity business or pension business as defined in that section;
- and references to a person’s holding, acquiring and disposing of securities are references to his doing so in the same capacity.]

#### Textual Amendments

- F7** Ss. 68–70 repealed by [Finance Act 1985 \(c. 54\)](#), [s. 98\(6\)](#) and Sch. 27 Part VII with respect to disposals on or after 2 July 1986
- F8** Words inserted by [Finance Act 1984 \(c. 43, SIF 63:2\)](#), [s. 64\(1\)](#) and Sch. 13 para. 3
- F9** [S. 70\(1A\)](#) inserted by [Finance Act 1984 \(c. 43, SIF 63:2\)](#), [s. 64\(1\)](#) and Sch. 13 para. 3

*Savings certificates, etc.*

## 71 Exemption for government non-marketable securities.

- (1) Savings certificates and non-marketable securities issued under the <sup>M1</sup>National Loans Act 1968 or the <sup>M2</sup>National Loans Act 1939, or any corresponding enactment forming part of the law of Northern Ireland, shall not be chargeable assets, and accordingly no chargeable gain shall accrue on their disposal.
- (2) In this section—

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- (a) “savings certificates” means savings certificates issued under section 12 of the National Loans Act 1968, or section 7 of the <sup>M3</sup>National Debt Act 1958, or section 59 of the <sup>M4</sup>Finance Act 1920, and any war savings certificates as defined in section 9(3) of the <sup>M5</sup>National Debt Act 1972, together with any savings certificates issued under any enactment forming part of the law of Northern Ireland and corresponding to the said enactments, and
- (b) “non-marketable securities” means securities which are not transferable, or which are transferable only with the consent of some Minister of the Crown, or the consent of a department of the Government of Northern Ireland, or only with the consent of the National Debt Commissioners.

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**Marginal Citations**

- M1** 1968 c. 13.
- M2** 1939 c. 117.
- M3** 1958 (7 & 8 Eliz. 2) c. 6.
- M4** 1920 c. 18.
- M5** 1972 c. 65.

*Capital distribution in respect of shares, etc.*

**72 Distribution which is not a new holding within Chapter II.**

- (1) Where a person receives or becomes entitled to receive in respect of shares in a company any capital distribution from the company (other than a new holding as defined in section 77 below) he shall be treated as if he had in consideration of that capital distribution disposed of an interest in the shares.
- (2) If the inspector is satisfied that the amount distributed is small, as compared with the value of the shares in respect of which it is distributed, and so directs—
  - (a) the occasion of the capital distribution shall not be treated for the purposes of this Act as a disposal of the asset, and
  - (b) the amount distributed shall be deducted from any expenditure allowable under this Act as a deduction in computing a gain or loss on the disposal of the shares by the person receiving or becoming entitled to receive the distribution of capital.
- (3) A person who is dissatisfied with the refusal of the inspector to give a direction under this section may appeal to the Commissioners having jurisdiction on an appeal against an assessment to tax in respect of a gain accruing on the disposal.
- (4) Where the allowable expenditure is less than the amount distributed (or is nil)—
  - (a) subsections (2) and (3) above shall not apply, and
  - (b) if the recipient so elects (and there is any allowable expenditure)—
    - (i) the amount distributed shall be reduced by the amount of the allowable expenditure, and
    - (ii) none of that expenditure shall be allowable as a deduction in computing a gain accruing on the occasion of the capital distribution, or on any subsequent occasion.



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In this subsection “allowable expenditure” means the expenditure which immediately before the occasion of the capital distribution was attributable to the shares under paragraphs (a) and (b) of section 32(1) above.

(5) In this section—

- (a) the “amount distributed” means the amount or value of the capital distribution,
- (b) “capital distribution” means any distribution from a company, including a distribution in the course of dissolving or winding up the company, in money or money’s worth except a distribution which in the hands of the recipient constitutes income for the purposes of income tax.

**Modifications etc. (not altering text)**

**C9** See Finance Act 1989 (c. 26, SIF 63:2), s. 141 and Sch. 15 para. 3

**C10** See— Capital Gains Tax Act 1979 (c. 14), s. 144A(2); Finance Act 1980 (c. 48, SIF 63:2), s. 117 and Sch. 18 para. 9; Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 346(7); Finance Act 1988 (c. 39, SIF 63:1, 2), s. 145 and Sch. 12 para. 6(2)

**73 Disposal of right to acquire shares.**

- (1) Where a person receives or becomes entitled to receive in respect of any shares in a company a provisional allotment of shares in or debentures of the company and he disposes of his rights section 72 above shall apply as if the amount of the consideration for the disposal were a capital distribution received by him from the company in respect of the first-mentioned shares, and as if that person had, instead of disposing of the rights, disposed of an interest in those shares.
- (2) If under Schedule 5 to this Act it is to be assumed that, at a time after the creation of the rights and before their disposal, the said person sold and immediately re-acquired the shares in respect of which the rights were created, the same assumption shall be made as respect the rights.
- (3) This section shall apply in relation to rights obtained in respect of debentures of a company as it applies in relation to rights obtained in respect of shares in a company.

*Close companies*

**74 Disposal of shares: relief in respect of income tax consequent on shortfall in distributions.**

- (1) If in pursuance of [<sup>F10</sup>section 426 of the Taxes Act 1988] (consequences for income tax of apportionment of income etc. of close company) a person is assessed to income tax, then, in the computation under Chapter II of Part II of this Act of the gain accruing on a disposal by him of any shares forming part of his interest in the company to which the relevant apportionment relates, the amount of the income tax paid by him, so far as attributable to those shares, shall be allowable as a deduction.
- (2) Subsection (1) above shall not apply in relation to tax charged in respect of undistributed income which has, before the disposal, been subsequently distributed and is then exempt from tax by virtue of [<sup>F10</sup>section 427(4) of the Taxes Act 1988]



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or in relation to tax treated as having been paid by virtue of [F10]section 426(2)(b) of that Act].

- (3) For the purposes of this section the income assessed to tax shall be the highest part of the individual's income for the year of assessment in question, but so that if the highest part of the said income is taken into account under this section in relation to an assessment to tax the next highest part shall be taken into account in relation to any other relevant assessment, and so on.
- (4) For the purpose of identifying shares forming part of an interest in a company with shares subsequently disposed of which are of the same class, shares bought at an earlier time shall be deemed to have been disposed of before shares bought at a later time.
- (5) The provisions of this section shall be construed as if this section [F11]were included in sections 426 to 428 of the Taxes Act 1988].

#### Textual Amendments

- F10** Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [Sch. 29 para. 32](#)
- F11** Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [Sch. 29 paras. 15](#) and 32

## 75 Shares in close company transferring assets at an undervalue.

- (1) If after 6th April 1965 a company which is a close company transfers an asset to any person otherwise than by way of a bargain made at arm's length and for a consideration of an amount or value less than the market value of the asset an amount equal to the difference shall be apportioned among the issued shares of the company, and the holders of those shares shall be treated in accordance with the following provisions of this section.
- (2) For the purposes of the computation under Chapter II of Part II of this Act of a gain accruing on the disposal of any of those shares by the person owning them on the date of transfer an amount equal to the amount so apportioned to that share shall be excluded from the expenditure allowable as a deduction under section 32(1)(a) above from the consideration for the disposal.
- (3) If the person owning any of the said shares at the date of transfer is itself a close company an amount equal to the amount apportioned to the shares so owned under subsection (1) above to that close company shall be apportioned among the issued shares of that close company, and the holders of those shares shall be treated in accordance with subsection (2) above, and so on through any number of close companies.
- (4) This section shall not apply where the transfer of the asset is a disposal to which section 273(1) of [F12]the Taxes Act 1970] (transfers within a group of companies) applies.

#### Textual Amendments

- F12** Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [Sch. 29 paras. 15](#) and 32

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**Modifications etc. (not altering text)**

- C11** Where Finance Act 1988 (c. 39, SIF 63;1, 2), s. 96(2) and Sch. 8 para. 7 apply (rebasings to 1982), words “6th April 1965” replaced by “31st March 1982”

*Share option schemes*

**76 Consideration for acquisition of shares under share option schemes.**

Section 19(3) above (assets deemed acquired and disposed of at market value) shall not apply in calculating the consideration for the acquisition of shares in pursuance of a share option scheme as defined in Schedule 12 to the <sup>M6</sup>Finance Act 1972.

**Marginal Citations**

- M6** 1972 c. 41.

**CHAPTER II**

REORGANISATION OF SHARE CAPITAL, CONVERSION OF SECURITIES, ETC.

**Modifications etc. (not altering text)**

- C12** See Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 220(9)

*Reorganisation or reduction of share capital*

**77 Application of sections 78 to 81.**

- (1) For the purposes of this section and sections 78 to 81 below “reorganisation” means a reorganisation or reduction of a company’s share capital, and in relation to the reorganisation—
- (a) “original shares” means shares held before and concerned in the reorganisation,
  - (b) “new holding” means, in relation to any original shares, the shares in and debentures of the company which as a result of the reorganisation represent the original shares (including such, if any, of the original shares as remain).
- (2) The reference in subsection (1) above to the reorganisation of a company’s share capital includes—
- (a) any case where persons are, whether for payment or not, allotted shares in or debentures of the company in respect of and in proportion to (or as nearly as may be in proportion to) their holdings of shares in the company or of any class of shares in the company, and
  - (b) any case where there are more than one class of share and the rights attached to shares of any class are altered.
- (3) The reference in subsection (1) above to a reduction of share capital does not include the paying off of redeemable share capital, and where shares in a company are

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redeemed by the company otherwise than by the issue of shares or debentures (with or without other consideration) and otherwise than in a liquidation, the shareholder shall be treated as disposing of the shares at the time of the redemption.

**Modifications etc. (not altering text)**

**C13** See Finance Act 1980 (c. 48, SIF 63:2), s. 117 and Sch. 18 para. 9

**C14** See— Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), ss. 114, 187(2) and Sch. 11 para. 6(2); Finance Act 1989 (c. 26, SIF 63:2), s. 69(9) and Sch. 5 paras. 8, 11

**78 Equation of original shares and new holding.**

Subject to sections 79 to 81 below, a reorganisation shall not be treated as involving any disposal of the original shares or any acquisition of the new holding or any part of it, but the original shares (taken as a single asset) and the new holding (taken as a single asset) shall be treated as the same asset acquired as the original shares were acquired.

**Modifications etc. (not altering text)**

**C15** See Finance Act 1980 (c. 48, SIF 63:2), s. 117 and Sch. 18 para. 9

**C16** See— Capital Gains Tax Act 1979 (c. 14), s. 149C(5); Finance Act 1982 (c. 39, SIF 63:2), s. 86 and Sch. 13 para. 5; Finance Act 1984 (c. 43, SIF 63:2), s. 64(7) and Sch. 13 Part II regarding treatment of qualifying corporate bonds; Finance Act 1985 (c. 54), s. 69 and Sch. 20 para. 2; Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), ss. 139(13), 299(5), 305, 757(1), 758(5) and 760(4); Finance Act 1988 (c. 39, SIF 63:1, 2), ss. 82, 114 and Sch. 11 para. 3(1)(b); Finance Act 1989 (c. 26, SIF 63:2), s. 140; S.I. 1986 No. 1948 regulation 32(3) and S.I. 1989 No. 469 regulation 27

**79 Consideration given or received by holder.**

- (1) Where, on a reorganisation, a person gives or becomes liable to give any consideration for his new holding or any part of it, that consideration shall in relation to any disposal of the new holding or any part of it be treated as having been given for the original shares, and if the new holding or part of it is disposed of with a liability attaching to it in respect of that consideration, the consideration given for the disposal shall be adjusted accordingly:

Provided that there shall not be treated as consideration given for the new holding or any part of it any surrender, cancellation or other alteration of the original shares or of the rights attached thereto, or any consideration consisting of any application, in paying up the new holding or any part of it, of assets of the company or of any dividend or other distribution declared out of those assets but not made.

[<sup>F13</sup>Provided also that, in the case of a reorganisation on or after 10th March 1981, any consideration given for the new holding or any part of it otherwise than by way of a bargain made at arm's length shall be disregarded to the extent that its amount or value exceeds the relevant increase in value; and for this purpose "the relevant increase in value" means the amount by which the market value of the new holding immediately after the reorganisation exceeds the market value of the original shares immediately before the reorganisation.]

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- (2) Where on a reorganisation a person receives (or is deemed to receive), or becomes entitled to receive, any consideration, other than the new holding, for the disposal of an interest in the original shares, and in particular—
- (a) where under section 72 above he is to be treated as if he had in consideration of a capital distribution disposed of an interest in the original shares, or
  - (b) where he receives (or is deemed to receive) consideration from other shareholders in respect of a surrender of rights derived from the original shares,
- he shall be treated as if the new holding resulted from his having for that consideration disposed of an interest in the original shares (but without prejudice to the original shares and the new holding being treated in accordance with section 78 above as the same asset).
- (3) Where for the purpose of subsection (2) above it is necessary in computing the gain or loss accruing on the disposal of the interest in the original shares mentioned in subsection (2) above to apportion the cost of acquisition of the original shares between what is disposed of and what is retained, the apportionment shall be made in the like manner as under section 80(1) below.

#### Textual Amendments

**F13** Proviso added by [Finance Act 1981 \(c. 35, SIF 63:2\)](#), **s. 91**

#### Modifications etc. (not altering text)

**C17** See [Finance Act 1980 \(c. 48, SIF 63:2\)](#), **s. 117** and Sch. 18 para. 9

**C18** See [S.I. 1986 No. 1948](#) regulation 32(3) and [S.I. 1989 No. 469](#) regulation 27

**C19** See [Finance Act 1988 \(c. 39, SIF 63;1, 2\)](#), **s. 82**

### 80 Part disposal of new holding.

- (1) Where for the purpose of computing the gain or loss accruing to a person from the acquisition and disposal of any part of the new holding it is necessary to apportion the cost of acquisition of any of the original shares between what is disposed of and what is retained, the apportionment shall be made by reference to market value at the date of the disposal (with such adjustment of the market value of any part of the new holding as may be required to offset any liability attaching thereto but forming part of the cost to be apportioned).
- (2) This section has effect subject to section 81(2) below.

#### Modifications etc. (not altering text)

**C20** See [Finance Act 1980 \(c. 48, SIF 63:2\)](#), **s. 117** and Sch. 18 para. 9

**C21** See [S.I. 1986 No. 1948](#) regulation 32(3) and [S.I. 1989 No. 469](#) regulation 27

**C22** See [Finance Act 1988 \(c. 39, SIF 63;1, 2\)](#), **s. 82**

### 81 Composite new holdings.

- (1) This section shall apply to a new holding—

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- (a) if it consists of more than one class of shares in or debentures of the company and one or more of those classes is of shares or debentures which, at any time not later than the end of the period of three months beginning with the date on which the reorganisation took effect, or of such longer period as the Board may by notice in writing allow, had quoted market values on a recognised stock exchange in the United Kingdom or elsewhere, or
  - (b) if it consists of more than one class of rights of unit holders and one or more of those classes is of rights the prices of which were published daily by the managers of the scheme at any time not later than the end of that period of three months (or longer if so allowed).
- (2) Where for the purpose of computing the gain or loss accruing to a person from the acquisition and disposal of the whole or any part of any class of shares or debentures or rights of unit holders forming part of a new holding to which this section applies it is necessary to apportion costs of acquisition between what is disposed of and what is retained, the cost of acquisition of the new holding shall first be apportioned between the entire classes of shares or debentures or rights of which it consists by reference to market value on the first day (whether that day fell before the reorganisation took effect or later) on which market values or prices were quoted or published for the shares, debentures or rights as mentioned in subsection (1)(a) or (1)(b) above (with such adjustment of the market value of any class as may be required to offset any liability attaching thereto but forming part of the cost to be apportioned).
- (3) For the purposes of this section the day on which a reorganisation involving the allotment of shares or debentures or unit holders' rights takes effect is the day following the day on which the right to renounce any allotment expires.

**Modifications etc. (not altering text)**

- C23** See Finance Act 1980 (c. 48, SIF 63:2), s. 117 and Sch. 18 para. 9  
**C24** See S.I. 1986 No. 1948 regulation 32(3) and S.I. 1989 No. 469 regulation 27  
**C25** See Finance Act 1988 (c. 39, SIF 63:1, 2), s. 82

*Conversion of securities*

**82 Equation of converted securities and new holding.**

- (1) Sections 78 to 81 above shall apply with any necessary adaptations in relation to the conversion of securities as they apply in relation to a reorganisation (that is to say a reorganisation or reduction of a company's share capital).
- (2) This section has effect subject to sections 83 and 84 below.
- (3) For the purposes of this section and section 83 below—
  - (a) “conversion of securities” includes—
    - (i) a conversion of securities of a company into shares in the company, and
    - (ii) a conversion at the option of the holder of the securities converted as an alternative to the redemption of those securities for cash, and
    - (iii) any exchange of securities effected in pursuance of any enactment (including an enactment passed after this Act) which provides for the

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compulsory acquisition of any shares or securities and the issue of securities or other securities instead,

- (b) “security” includes any loan stock or similar security whether of the Government of the United Kingdom or of any other government, or of any public or local authority in the United Kingdom or elsewhere, or of any company, and whether secured or unsecured.

**Modifications etc. (not altering text)**

- C26** See— [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), ss. 56(5), 473(6), [Sch. 4 paras. 2\(4\)\(a\)](#), 7(3)(a) and [Sch. 4](#) generally; [Finance Act 1988 \(c. 39, SIF 63:1, 2\)](#), [s. 114](#) and [Sch. 11 para. 6\(3\)](#)
- C27** See— [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), ss. [710\(13\)](#), 758(6); [Finance Act 1989 \(c. 26, SIF 63:2\)](#), [s. 81](#)

**83 Premiums on conversion of securities.**

- (1) This section applies where, on a conversion of securities, a person receives, or becomes entitled to receive, any sum of money (in this section called “the premium”) which is by way of consideration (in addition to his new holding) for the disposal of the converted securities.
- (2) If the inspector is satisfied that the premium is small, as compared with the value of the converted securities, and so directs—
- (a) receipt of the premium shall not be treated for the purposes of this Act as a disposal of part of the converted securities, and
- (b) the premium shall be deducted from any expenditure allowable under this Act as a deduction in computing a gain or loss on the disposal of the new holding by the person receiving or becoming entitled to receive the premium.
- (3) A person who is dissatisfied with the refusal of the inspector to give a direction under subsection (2) above may appeal to the Commissioners having jurisdiction on an appeal against an assessment to tax in respect of a gain to him on a disposal of the securities.
- (4) Where the allowable expenditure is less than the premium (or is nil)—
- (a) subsections (2) and (3) above shall not apply, and
- (b) if the recipient so elects (and there is any allowable expenditure)—
- (i) the amount of the premium shall be reduced by the amount of the allowable expenditure, and
- (ii) none of that expenditure shall be allowable as a deduction in computing a gain accruing on the occasion of the conversion, or on any subsequent occasion.
- (5) In subsection (4) above “allowable expenditure” means expenditure which immediately before the conversion was attributable to the converted securities under paragraph (a) and (b) of section 32(1) above.

**Modifications etc. (not altering text)**

- C28** See [Finance Act 1989 \(c. 26, SIF 63:2\)](#), [s. 141](#) and [Sch. 15 para. 3](#)

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## 84 Compensation stock.

- (1) This section has effect where gilt-edged securities are exchanged for shares in pursuance of any enactment (including an enactment passed after this Act) which provides for the compulsory acquisition of any shares and the issue of gilt-edged securities instead.
- (2) The exchange shall not constitute a conversion of securities within section 82 above and accordingly the gilt-edged securities shall not be treated as having been acquired on any date earlier than that on which they were issued or for any consideration other than the value of the shares as determined for the purposes of the exchange.
- (3) The exchange shall be treated as not involving any disposal of the shares by the person from whom they were compulsorily acquired but—
  - (a) there shall be calculated the gain or loss that would have accrued to him if he had then disposed of the shares for a consideration equal to the value mentioned in subsection (2) above, and
  - (b) on a subsequent disposal of the whole or part of the gilt-edged securities by the person to whom they were issued—
    - (i) there shall be deemed to accrue to him (in addition to any gain or loss that actually accrues) the whole or a corresponding part of the gain or loss mentioned in paragraph (a) above, and
    - (ii) <sup>F14</sup>if the disposal is within] section 67(1) above (exemption for gilt-edged securities) <sup>F14</sup>that section] shall have effect only in relation to any gain or loss that actually accrues and not in relation to any gain or loss that is deemed to accrue as aforesaid.
- (4) Where a person to whom gilt-edged securities of any kind were issued as mentioned in subsection (1) above disposes of securities of that kind, the securities of which he disposes—
  - <sup>F15</sup>(a) shall, so far as possible, be identified with securities which were issued to him as mentioned in subsection (1) above rather than with other securities of that kind, and
  - (b) subject to paragraph (a) above, shall be identified with securities issued at an earlier time rather than with those issued at a later time].
- (5) Subsection (3)(b) above shall not apply to any disposal falling within the provisions of—
  - (a) section 44(1) above (disposals between husband and wife),
  - (b) section 49(4) above (disposals by personal representatives to legatees), or
  - (c) section 273(1) of <sup>F16</sup>the Taxes Act 1970] (disposals within a group of companies);

but a person who has acquired the securities on a disposal falling within those provisions (and without there having been a previous disposal not falling within those provisions or a devolution on death) shall be treated for the purposes of subsections (3)(b) and (4) above as if the securities had been issued to him.
- (6) Where the gilt-edged securities to be exchanged for any shares are not issued until after the date on which the shares are compulsorily acquired but on that date a right to the securities is granted, this section shall have effect as if the exchange had taken place on that date, as if references to the issue of the securities and the person to whom they were issued were references to the grant of the right and the person to whom



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it was granted and references to the disposal of the securities included references to disposals of the rights.

- (7) In this section “shares” includes securities within the meaning of section 82 above.
- (8) This section has effect subject to section 54 of the <sup>M7</sup>Finance Act 1976 (compulsory acquisition from certain companies of aircraft and shipbuilding shares).

#### Textual Amendments

- F14** Words repealed by [Finance Act 1985 \(c. 54\), s. 98\(6\)](#) and Sch. 27 Part VII with respect to disposals on or after 2 July 1986
- F15** [S. 84\(4\)\(a\)\(b\)](#) substituted by [Finance Act 1985 \(c. 54\), s. 67\(2\)](#) with respect to disposals on or after 2 July 1986
- F16** Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **Sch. 29 para. 15**

#### Modifications etc. (not altering text)

- C29** See [Capital Gains Tax Act 1979 \(c. 14\), Sch. 6 para. 20\(4\)](#)
- C30** See— [Finance Act 1988 \(c. 39, SIF 63:1, 2\), s. 97](#) and Sch. 9 para. 3(2); [Finance Act 1989 \(c. 26, SIF 63:2\), s. 141](#) and Sch. 15 para. 1(2)

#### Marginal Citations

- M7** [1976 c. 40.](#)

### *Company reconstructions and amalgamations*

#### **85 Exchange of securities for those in another company.**

- (1) Subsection (3) below has effect where a company (company A) issues shares or debentures to a person in exchange for shares in or debenture of another company (company B) and—
- (a) company A holds, or in consequence of the exchange will hold, more than one quarter of the ordinary share capital (as defined in section [<sup>F17</sup>832(1)] of [<sup>F17</sup>the Taxes Act 1988]) of company B, or
  - (b) company A issues the shares or debentures in exchange for shares as the result of a general offer—
    - (i) which is made to members of company B or any class of them (with or without exceptions for persons connected with company A), and
    - (ii) which is made in the first instance on a condition such that if it were satisfied company A would have control of company B.
- (2) Subsection (3) below also has effect where under section 86 below persons are to be treated as exchanging shares or debentures for shares or debentures held by them in consequence of the arrangement there mentioned.
- (3) Subject to the provisions of sections 87 and 88 below, sections 78 to 81 above shall apply with any necessary adaptations as if the two companies mentioned in subsection (1) above, or as the case may be in section 86 below, were the same company and the exchange were a reorganisation of its share capital.

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### Textual Amendments

**F17** Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **Sch. 29 paras. 15** and 32

### Modifications etc. (not altering text)

**C31** See— [Finance Act 1970 \(c. 24, SIF 63:1, 2\)](#), **s. 279**; [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **s. 575(5)**, **Sch. 4 paras. 2** and 7(3)(b); [Finance Act 1989 \(c. 26, SIF 63:2\)](#), **ss. 69(9)**, 74, **Sch. 5 paras. 8** and 11

## 86 Reconstruction or amalgamation involving issue of securities.

(1) Where—

- (a) an arrangement between a company and the persons holding shares in or debentures of the company, or any class of such shares or debentures, is entered into for the purposes of or in connection with a scheme of reconstruction or amalgamation, and
- (b) under the arrangement another company issues shares or debentures to those persons in respect of and in proportion to (or as nearly as may be in proportion to) their holdings of shares in or debentures of the first-mentioned company, but the shares in or debentures of the first-mentioned company are either retained by those persons or cancelled.

then those persons shall be treated as exchanging the first-mentioned shares or debentures for those held by them in consequence of the arrangement (any shares or debentures retained being for this purpose regarded as if they had been cancelled and replaced by a new issue), and subsections (2) and (3) of section 85 above shall apply accordingly.

(2) In this section “scheme of reconstruction or amalgamation” means a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies, and references to shares or debentures being retained include their being retained with altered rights or in an altered form whether as the result of reduction, consolidation, division or otherwise.

(3) This section, and section 85(2) above, shall apply in relation to a company which has no share capital as if references to shares in or debentures of a company included references to any interests in the company possessed by members of the company.

### Modifications etc. (not altering text)

**C32** See [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **s. 312(3)**

**C33** See— [Finance Act 1970 \(c. 24, SIF 63:1, 2\)](#), **s. 279**; [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **s. 473**

## 87 Restriction on application of sections 85 and 86.

(1) Subject to subsection (2) below, and section 88 below, neither section 85 nor section 86 above shall apply to any issue by a company of shares in or debentures of that company in exchange for or in respect of shares in or debentures of another company unless the exchange, reconstruction or amalgamation in question is effected for bona fide

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commercial reasons and does not form part of a scheme or arrangements of which the main purpose, or one of the main purposes, is avoidance of liability to capital gains tax or corporation tax.

- (2) Subsection (1) above shall not affect the operation of section 85 or 86 in any case where the person to whom the shares or debentures are issued does not hold more than 5 per cent. of, or of any class of, the shares in or debentures of the second company mentioned in subsection (1) above.
- (3) For the purposes of subsection (2) above shares or debentures held by persons connected with the person there mentioned shall be treated as held by him.
- (4) If any tax assessed on a person (the chargeable person) by virtue of subsection (1) above is not paid within six months from the date when it is payable, any other person who—
  - (a) holds all or any part of the shares or debentures that were issued to the chargeable person, and
  - (b) has acquired them without there having been, since their acquisition by the chargeable person, any disposal of them not falling within section 44(1) above or section 273 of [<sup>F18</sup>the Taxes Act 1970] (disposals between spouses or members of a group of companies),
 may, at any time within two years from the time when the tax became payable, be assessed and charged (in the name of the chargeable person) to all or, as the case may be, a corresponding part of the unpaid tax; and a person paying any amount of tax under this subsection shall be entitled to recover a sum of that amount from the chargeable person.
- (5) In this section references to shares or debentures include references to any interest or options to which this Chapter applies by virtue of section 86(3) above (interests in a company with no share capital) or section 139 below (quoted options).

#### Textual Amendments

**F18** Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **Sch. 29 para. 15**

#### Modifications etc. (not altering text)

**C34** Reference to capital gains tax to be construed as a reference to income tax for purposes of [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **s. 473**

**C35** See [Finance \(No. 2\) Act 1987 \(c. 51\)](#), **s. 95(4)** and Sch. 6 para. 5 for changes in respect of chargeable gains accruing in chargeable periods ending after a day to be appointed

## 88 Procedure for clearance in advance.

- (1) Section 87 above shall not affect the operation of section 85 or 86 above in any case where, before the issue is made, the Board have, on the application of either company mentioned in section 87(1) above, notified the company that the Board are satisfied that the exchange, reconstruction or amalgamation will be effected for bona fide commercial reasons and will not form part of any such scheme or arrangements as are mentioned in section 87(1) above.
- (2) Any application under subsection (1) above shall be in writing and shall contain particulars of the operations that are to be effected and the Board may, within thirty days of the receipt of the application or of any further particulars previously required

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under this subsection, by notice require the applicant to furnish further particulars for the purposes of enabling the Board to make their decision; and if any such notice is not complied with within thirty days or such longer period as the Board may allow, the Board need not proceed further on the application.

- (3) The Board shall notify their decision to the applicant within thirty days of receiving the application or, if they give a notice under subsection (2) above, within thirty days of the notice being complied with.
- (4) If the Board notify the applicant that they are not satisfied as mentioned in subsection (1) above or do not notify their decision to the applicant within the time required by subsection (3) above, the applicant may within thirty days of the notification or of that time required by the Board to transmit the application, together with any notice given and further particulars furnished under subsection (2) above, to the Special Commissioners; and in that event any notification by the Special Commissioners shall have effect for the purposes of subsection (1) above as if it were a notification by the Board.
- (5) If any particulars furnished under this section do not fully and accurately disclose all facts and considerations material for the decision of the Board or the Special Commissioners, any resulting notification that the Board or Commissioners are satisfied as mentioned in subsection (1) above shall be void.

#### *Stock dividends*

### **89 Stock dividends: consideration for new holding.**

- (1) In applying section 79(1) above in relation to the issue of any share capital to which section [F19]249 of the Taxes Act 1988] (stock dividends) applies as involving a reorganisation of the company's share capital, there shall be allowed, as consideration given for so much of the new holding as was issued as mentioned in—
  - (a) subsection (4), (5) or (6) of [F19]that section], [F20]or
  - [F21](b) paragraph [F19]12(1) of Schedule 19] to that Act],
 (read in each case with subsection (3) of [F19]that section]) an amount equal to what is, for that much of the new holding, the appropriate amount in cash within the meaning of [F19]section 251(2) of the Taxes Act 1988].
- (2) This section shall have effect notwithstanding the [F22]provisos] to section 79(1) above.

#### **Textual Amendments**

- F19** Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [Sch. 29 para. 32](#)
- F20** Word repealed by [Finance Act 1989 \(c. 26, SIF 63:2\)](#), [s. 187](#) and Sch. 17 Part V where the due date of issue of the share capital issued to a close company falls in an accounting period beginning after 31 March 1989
- F21** [S. 89\(1\)\(b\)](#) repealed by [Finance Act 1989 \(c. 26, SIF 63:2\)](#), [s. 187](#) and Sch. 17 Part V where the due date of issue of the share capital issued to a close company falls in an accounting period beginning after 31 March 1989
- F22** Word substituted by [Finance Act 1981 \(c. 35, SIF 63:2\)](#), [s. 91\(2\)\(a\)](#)

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## 90 Capital gains on certain stock dividends.

- (1) This section applies where a company issues any share capital to which section [F23 249 of the Taxes Act 1988] applies in respect of shares in the company held by a person as trustee, and another person is at the time of the issue absolutely entitled thereto as against the trustee or would be so entitled but for being an infant or other person under disability (or two or more other persons are or would be jointly so entitled thereto).
- (2) Notwithstanding paragraph (a) of section 77(2) above the case shall not constitute a reorganisation of the company's share capital for the purposes of sections 77 to 79 above.
- (3) Notwithstanding [F24 section 29A(1)] above (disposal at market value) the person who is or would be so entitled to the share capital (or each of the persons who are or would be jointly so entitled thereto) shall be treated for the purposes of section 32(1) (a) above as having acquired that share capital, or his interest in it, for a consideration equal to the appropriate amount in cash within the meaning of [F23 section 251(2) to (4) of the Taxes Act 1988].

### Textual Amendments

- F23** Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **Sch. 29 para. 32**
- F24** Words substituted by [Finance Act 1981 \(c. 35, SIF 63:2\)](#), **s. 90(3)(a)** in relation to acquisitions and disposals on or after 10 March 1981

### *Quoted options*

## 91 Application of Chapter II to quoted options.

The preceding provisions of this Chapter have effect subject to section 139 below (quoted option to be regarded for the purposes of this Chapter as the shares which could be acquired by exercising the option).

## CHAPTER III

### UNIT TRUSTS ETC.

#### *Preliminary*

## 92 Interpretation.

- [F25(1) Subject to subsection (2) below, in this Act—]
- [F26(a) “unit trust scheme” has the same meaning as in the Financial Services Act 1986],
  - (b) “authorised unit trust” has the meaning given by section [F27 468(6)] of [F27 the Taxes Act 1988],
  - (c) “investment trust” has the meaning given by section [F28 842] of [F27 the Taxes Act 1988],
  - (d) “court investment fund” means a common investment fund established under section 1 of the <sup>M8</sup>Administration of Justice Act 1965.

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[<sup>F29</sup>(2) The Treasury may by regulations provide that any scheme of a description specified in the regulations shall be treated as not being a unit trust scheme for the purposes of this Act.

(3) Regulations under this section—

- (a) may contain such supplementary and transitional provisions as appear to the Treasury to be necessary or expedient, and
- (b) shall be made by statutory instrument, which shall be subject to annulment in pursuance of a resolution of the House of Commons.]

**Textual Amendments**

**F25** “(1)” and words commencing s. 92(1) substituted for words by [Finance Act 1987 \(c. 16\), s. 40\(3\)](#)

**F26** [S. 92\(1\)\(a\)](#) substituted by [Finance Act 1987 \(c. 16\), s. 40\(3\)](#)

**F27** Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\), Sch. 29 paras. 15](#) and 32

**F28** Figure substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\), Sch. 29 paras. 15](#) and 32

**F29** [S. 92\(2\)\(3\)](#) added by [Finance Act 1987 \(c. 16\), s. 40\(4\)](#)

**Modifications etc. (not altering text)**

**C36** See [S.I. 1988 No. 266](#)

**Marginal Citations**

**M8** [1965 c. 2.](#)

**93 Application of Act to unit trusts.**

This Act shall apply in relation to any unit trust scheme as if—

- (a) the scheme were a company,
- (b) the rights of the unit holders were shares in the company, and
- (c) in the case of an authorised unit trust, the company were resident and ordinarily resident in the United Kingdom.

*General*

**94** <sup>F30</sup> .....

**Textual Amendments**

**F30** [S. 94](#) repealed by [Finance Act 1980 \(c. 48, SIF 63:1\), ss. 81\(6\), 122](#) and [Sch. 20 Part X](#)

*Unit trusts*

**95** <sup>F31</sup> .....

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#### Textual Amendments

**F31** S. 95 repealed by Finance Act 1980 (c. 48, SIF 63:1), s. 122 and Sch. 20 Part X

### 96 Unit trusts for exempt unit holders.

If throughout a year of assessment all the issued units in a unit trust scheme are assets such that any gain accruing if they were disposed of by the unit holder would be wholly exempt from capital gains tax or corporation tax (otherwise than by reason of residence) gains accruing to the unit trust scheme in that year of assessment shall not be chargeable gains.

#### Modifications etc. (not altering text)

**C37** See— Finance Act 1970 (c. 24, SIF 63:1, 2), s. 267(3); Finance Act 1974 (c. 30), s. 43(2); Development Land Tax Act 1976 (c. 24), Sch. 6 para. 1 (which Act was repealed by Finance Act 1985 (c. 54, SIF 63:2), ss. 93, 98(6) and Sch. 27 Pt. X)

### 97 <sup>F32</sup> .....

#### Textual Amendments

**F32** S. 97 repealed by Finance Act 1980 (c. 48, SIF 63:1), s. 122 and Sch. 20 Part X

### 98 Transfer of company's assets to unit trust which later comes within section 96 or 97.

- (1) Where section 267 of [<sup>F33</sup>the Taxes Act 1970] (roll-over for assets transferred on company reconstruction or amalgamation) has applied on the transfer of a company's business (in whole or in part) to a unit trust scheme [<sup>F34</sup>or a company which at the time of the transfer was not such a unit trust scheme or investment trust as is mentioned in subsection (3) of that section, then if—
  - (a) at any time after the transfer—
    - (i) the unit trust scheme becomes in a year of assessment one which is such as is mentioned in that subsection; or
    - (ii) the company becomes for an accounting period an investment trust such as is there mentioned, and
  - (b) at the beginning of that year of assessment or accounting period the unit trust scheme or company still owns any of the assets of the business transferred, the unit trust scheme or company shall be treated] for all the purposes of this Act as if immediately after the transfer it had sold, and immediately re-acquired, the assets referred to in paragraph (b) above at their market value at that time.
- (2) Notwithstanding any limitation on the time for making assessments, an assessment to corporation tax chargeable in consequence of subsection (1) above may be made at any time within six years after the end of the year of assessment [<sup>F35</sup>or accounting period] referred to in subsection (1) above, and where under this section a unit trust scheme [<sup>F35</sup>or company] is to be treated as having disposed of, and re-acquired, an



*Status: Point in time view as at 01/02/1991.*

*Changes to legislation: There are currently no known outstanding effects for the Capital Gains Tax Act 1979 (repealed 6.3.1992), Part IV. (See end of Document for details)*

asset of a business, all such recomputations of liability in respect of other disposals and all such adjustments of tax, whether by way of assessment or by way of discharge or repayment of tax, as may be required in consequence of the provisions of this section shall be carried out.

#### Textual Amendments

- F33** Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **Sch. 29 para. 15**
- F34** Words and s. 98(1)(a)(b) substituted by [Finance Act 1980 \(c. 48, SIF 63:1\)](#), **s. 81(3)** in relation to transfers after 31 March 1980
- F35** Words inserted by [Finance Act 1980 \(c. 48, SIF 63:1\)](#), **s. 81(3)** in relation to transfers after 31 March 1980

#### *Court investment funds etc.*

### 99 Funds in court.

- (1) For the purposes of section 46 above (nominees and bare trustees) funds in court held by the Accountant General shall be regarded as held by him as nominee for the persons entitled to or interested in the funds, or as the case may be for their trustees.
- (2) Where funds in court standing to an account are invested or, after investment, are realised the method by which the Accountant General effects the investment or the realisation of investments shall not affect the question whether there is for the purposes of this Act an acquisition, or as the case may be a disposal, of an asset representing funds in court standing to the account, and in particular there shall for those purposes be an acquisition or disposal of shares in a court investment fund notwithstanding that the investment in such shares of funds in court standing to an account, or the realisation of funds which have been so invested, is effected by setting off, in the Accountant General's accounts, investment in one account against realisation of investments in another.
- (3) In this section "funds in court" means—
- money in the Supreme Court, money in county courts and statutory deposits described in <sup>F36</sup>section 40 of the Administration of Justice Act 1982], and
  - <sup>F36</sup>[money in the Supreme Court of Judicature of Northern Ireland] and money in a county court in Northern Ireland,

and investments representing such money; and references in this section to the Accountant General are references to the Accountant General of the Supreme Court of Judicature in England and, in relation to money within paragraph (b) above and investments representing such money, include references to the Accountant General of the Supreme Court of Judicature of Northern Ireland or any other person by whom such funds are held.

#### Textual Amendments

- F36** Words substituted by [Administration of Justice Act 1982 \(c. 53\)](#), **s. 46(2)(f)** with effect from an appointed day

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**Status:** Point in time view as at 01/02/1991.

**Changes to legislation:** There are currently no known outstanding effects for the Capital Gains Tax Act 1979 (repealed 6.3.1992), Part IV. (See end of Document for details)

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F37 .....

**Textual Amendments**

**F37** S. 100 repealed by Finance Act 1980 (c. 48, SIF 63:1), s. 122 and Sch. 20 Part X

**Status:**

Point in time view as at 01/02/1991.

**Changes to legislation:**

There are currently no known outstanding effects for the Capital Gains Tax Act 1979 (repealed 6.3.1992), Part IV.