
Status: Point in time view as at 01/02/1991.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1988, Cross Heading: Shares. (See end of Document for details)

SCHEDULES

SCHEDULE 11

CAPITAL GAINS INDEXATION: GROUPS AND ASSOCIATED COMPANIES

Shares

- 3 (1) This paragraph applies—
- (a) where there is a disposal by a company of—
 - (i) a holding of redeemable preference shares of another company, or
 - (ii) a holding of shares, other than redeemable preference shares, of another company which has at all times consisted entirely of, or has at any time included, linked company shares, or
 - (b) where—
 - (i) there is a disposal by a company of a holding of shares of another company which is not a holding falling within paragraph (a) above,
 - (ii) the holding constituted or formed part of the new holding received by the company making the disposal on a reorganisation, and
 - (iii) but for section 78 of the ^{M1}Capital Gains Tax Act 1979 that reorganisation (or in a case where the holding disposed of derives, in whole or in part, from assets which were original shares in relation to an earlier reorganisation, that reorganisation or any such earlier reorganisation) would have involved a disposal in relation to which paragraph 1 above would have applied or this paragraph would have applied by virtue of paragraph (a) above,if the two companies are linked companies immediately before the disposal.
- (2) Where this paragraph applies, any indexation allowance which, apart from this paragraph, would be due on the disposal shall be reduced by such amount as appears to the inspector, or on appeal the Commissioners concerned, to be just and reasonable.
- (3) For the purposes of this paragraph shares of a company are linked company shares where—
- (a) immediately after their acquisition by the company making the disposal the two companies were linked companies,
 - (b) their acquisition by the company making the disposal was wholly or substantially financed by one or more linked company loans or linked company funded subscriptions (or by a combination of such loans and subscriptions), and
 - (c) the sole or main benefit which might have been expected to accrue from that acquisition was the obtaining of an indexation allowance on a disposal of the shares.

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(4) In sub-paragraph (3) above—

“linked company loan” means a loan made to the company making the disposal by another company where immediately after the acquisition of the shares by the company making the disposal the two companies were linked companies, and

“linked company funded subscription” means a subscription for shares in the company making the disposal by another company where—

- (a) immediately after the acquisition of the shares by the company making the disposal those two companies were linked companies, and
- (b) the subscription was wholly or substantially financed, either directly or indirectly, by one or more linked company subscription-financing loans.

(5) In sub-paragraph (4) above “linked company subscription-financing loan” means a loan made by a company to the subscribing company or any other company where immediately after the acquisition of the shares by the company making the disposal—

- (a) the company making the loan, and
- (b) the subscribing company, and
- (c) where the company to which the loan was made was not the subscribing company, that company,

were linked companies.

Marginal Citations

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